

**Paragon Village
Hackettstown (Mt. Olive Township), Morris County
HMFA #1316/ALR #33**

Loan-Related and Legal Documentation

- a. Financing, Deed Restriction and Regulatory Agreement
- b. UCC Financing Statement
- c. Title Policy
- d. Zoning Board Resolution – Final Site Plan Approval
- e. Deed in Lieu of Foreclosure
- f. Agency Tax Exemption Claim Letter 1/3/13
- g. Agency Tax Exemption Clarification Letter 1/10/13
- h. Notice of Tax Appeal – Township of Mount Olive
- i. Notice of Tax Appeal – NJHMFA
- j. Discharge of Mortgage



HUD Mortgage No.: 30186-0999-7
HUD Project No.: 031-98013
Page: 1

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Record and Return to:

Suzanne M. Plesnarski
Regulatory Affairs Division
New Jersey Housing and Mortgage
Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650-2085

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HMFA #1316/ALR #33

FINANCING, DEED RESTRICTION AND REGULATORY AGREEMENT

between

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

and

PARAGON VILLAGE, L.L.C.

Prepared by:

Robert J. Shaughnessy, Jr.
Robert J. Shaughnessy, Jr., DAC

Assisted Living & Independent Living
Construction and Permanent Financing
Revised December 10, 1999

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MR10625P003

THIS FINANCING, DEED RESTRICTION AND REGULATORY AGREEMENT (this "Agreement"), is made and entered into as of October , 2001, between the **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY** (the "Agency"), a body politic and corporate and an instrumentality exercising public and essential governmental functions of the State of New Jersey, created pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, N.J.S.A. 55:14K-1 et seq. (the "Act") and **PARAGON VILLAGE, L.L.C.** (together with its successors and assigns, the "Owner"), a limited liability company organized and existing pursuant to the laws of the State of New Jersey, duly authorized to transact business in the State of New Jersey, and a qualified housing sponsor within the meaning of the Act.

WITNESSETH:

In consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Agency and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation

The following terms shall have the respective meanings set forth below:

"Act" means the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended from time to time, P.L. 1983, c. 530, N.J.S.A. 55:14K-1 et seq.

"Agency Regulations" means the regulations promulgated by the Agency pursuant to the Act and any policies, procedures or guidelines issued by the Agency with respect to the housing projects financed by the Agency under the Act, all of the foregoing as they may be amended from time to time.

"ALR Code" means the standards for Licensure of Assisted Living Residences, Comprehensive Personal Care Homes and Assisted Living Programs, N.J.A.C. 8:36-1 through 16, and any other regulations promulgated under the authority of the Health Care Facilities Planning Act, N.J.S.A. 26:2H-1 et seq., as amended from time to time.

"Assignment of Leases" means the Assignment of Leases, and any amendments thereto, between the Owner and Agency given by the Owner to the Agency as additional security for the repayment of the First Mortgage Loan.

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FIRST AMERICAN TITLE INSURANCE COMPANY

TITLE INSURANCE COMMITMENT

File Number: AT-13527 .165

**SCHEDULE A
LEGAL DESCRIPTION**

All that tract or parcel of land and premises, situated, lying and being in the Township of Mt. Olive, County of Morris, State of New Jersey and being more particularly described as follows:

Beginning at a point in the southerly sideline of U.S. Route 46 where same is intersected by the dividing line between Lot 10, Block 8400 and Lot 9, block 8400 lands herein being described. Said point also being at the terminus of the second course in a certain deed between Broadway Management Services, Inc. and Mount Olive Development, L.L.C. recorded on December 4, 1997 and filed in Deed Book 4679, Page 263 and from said Point or Place of Beginning running thence;

1. Along said southerly sideline of U.S. Route 46, easterly on a curve to the left having a radius of 980.40 feet and an arc distance of 640.67 feet to a point, thence;
2. Along the dividing line between Lot 7, Block 8400 and Lot 9, Block 8400 (lands herein being described), South 03° 09' 44" East - 475.32 feet to a point in the centerline of Drakestown Road, said point also being in the Municipal Boundary Line between of the Township of Mount Olive and the Township of Washington, thence;
3. Along the centerline of Drakestown Road and along the Municipal Boundary line between of the Township of Mount Olive and the Township of Washington, North 66° 40' 17" West - 63.96 feet to a point, thence;
4. Still along the same, North 73° 43' 17" West - 100.00 feet to a point, thence;
5. Still along the same, North 76° 58' 17" West - 100.00 feet to a point, thence;
6. Still along the same, North 83° 25' 17" West - 100.00 feet to a point, thence;
7. Still along the same, South 87° 36' 43" West - 313.00 feet to a point, thence;
8. Still along the same, South 88° 46' 43" West - 100.00 feet to a point, thence;
9. Still along the same, North 81° 38' 17" West - 195.86 feet to a point, thence;
10. Still along the same, South 83° 25' 43" West - 181.98 feet to a point, thence;
11. Still along the same, South 73° 11' 50" West - 73.63 feet to a point, thence;

Issued by:

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041

Telephone: 973-467-6020 Fax: 973-467-6022

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FIRST AMERICAN TITLE INSURANCE COMPANY

12. Along the dividing line between Lot 11, Block 8400, and Lot 9, Block 8400 (lands herein being described), North 02° 12' 07" West - 417.47 feet to an iron pipe, thence;
13. Along the dividing line between Lot 10, Block 8400 and Lot 9, Block 8400 (lands herein being described), North 87° 41' 55" East - 570.66 feet to an iron pipe found, thence;
14. Still along the same, North 04° 17' 55" East - 46.60 feet to the Point or Place of Beginning.

Drawn in accordance with a survey prepared by Chester, Ploussas, Lisowsky Partnership, L.L.P., dated September 20, 1999.

NOTE: Being Lot(s) 9, Block 8400, Tax Map of the Township of Mt. Olive, County of Morris.

NOTE : Lot and Block shown for informational purposes only.

RECORD & RETURN TO:

Atlantic Title Agency, Inc.
374 Millburn Avenue
Millburn, NJ 07041
AT-1352 7

Issued by:

Atlantic Title Agency, Inc.
374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041
Telephone: 973- 467-6020 Fax: 973-467-6022

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"Assisted Living" means the coordinated array of personal and health services and the provision of living arrangements, all as defined in the ALR Code.

"Assisted Living Residence" shall have the meaning assigned to such term as defined in the ALR Code.

"Bonds" means the New Jersey Housing and Mortgage Finance Agency Multi-Family Housing Revenue Bonds, 2001 Series A and C, to be issued after the date hereof under the Resolution.

"Closing Escrow Agreement" means the First Mortgage Note II Escrow Agreement between the Owner and the Agency concerning the terms and conditions of the disbursement of tax-exempt bond funds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Contract" means the agreement between the Owner and Point PCS, L.L.C. dated May 16, 2001, or any other agreement executed by the Owner and approved by the Agency, for the construction of the Project in accordance with the plans and specifications for the Project approved by the Agency.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Agency and the Trustee pertaining to the Bonds as the same may hereafter be modified, supplemented or amended.

"Developer Fee Pledge" means that portion of the developer's fee payable by Owner to Vincent Paragano and Nazario L. Paragano in equal shares in an amount not to exceed Two Million One Hundred Thousand and 00/100 Dollars (\$2,100,000.00) as approved by the Agency which remains unpaid as of the date the First Mortgage Loan begins amortization.

"Environmental Laws" shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, 42 U.S.C. Sections 9601 et seq., the Federal Hazardous Materials Transportation Act, as amended 42 U.S.C. Section 1801 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. Sections 6901 et seq., the Superfund Amendments and Reauthorization Act, 42 U.S.C. Sections 9601 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Federal Hazardous Material Transportation Act, 49 U.S.C. Sections 1801 et seq., the Federal Clean Air Act, 42 U.S.C. Section 7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., the Rivers and Harbors Act of 1899, 33 U.S.C. Sections 401 et seq., the

Residential Lead-Based Paint Hazard Reduction Act of 1992, 42 U.S.C. Sections 4852d, the New Jersey Environmental Cleanup Responsibility Act, as amended N.J.S.A. 13:1K-6 et seq., the New Jersey Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq., the Spill Compensation and Control Act, as amended, N.J.S.A. 58:10-23.11, et seq., the New Jersey Tank Registration Act, N.J.S.A. 58:10A-21 et seq., the New Jersey Water Pollution Control Act, as amended, N.J.S.A. 58:10A-1 et seq., and all rules and regulations adopted and publications promulgated thereto, or any other so-called "Superfund" or "Superlien" laws, or any other Federal, state or local environmental law, ordinance, rule, or regulation, as any of the foregoing have been, or are hereafter amended.

"Event of Default" means any of the events set forth in Section 30 of this Agreement.

"First Mortgage" means the first mortgage, and any modification or amendment thereto, given by the Owner to the Agency to secure the payment of the First Mortgage Note.

"First Mortgage Loan" means the first mortgage loan made to the Owner by the Agency to finance or refinance a portion of the cost of the development, construction, rehabilitation and/or acquisition of the Project, which is evidenced by the First Mortgage Note I and First Mortgage Note II and secured by the First Mortgage.

"First Mortgage Note I" means the interest-bearing, non-recourse promissory note, made by the Owner to the Agency, that contains the promise of the Owner to pay the sum of money from Administrative funds stated therein at the times stated therein and that evidences the obligation of the Owner to repay that portion of the First Mortgage Loan represented by First Mortgage Note I. First Mortgage Note I is the first of two First Mortgage Notes that collectively evidence the First Mortgage Loan.

"First Mortgage Note II" means the interest-bearing, non-recourse promissory note, made by the Owner to the Agency, that contains the promise of the Owner to pay the sum of money from tax-exempt bond funds stated therein at the times stated therein and that evidences the obligation of the Owner to repay that portion of the First Mortgage Loan represented by First Mortgage Note II. First Mortgage Note II is the second of two First Mortgage Notes that collectively evidence the First Mortgage Loan.

"First Mortgage Notes" means First Mortgage Note I and First Mortgage Note II made by the Owner to the Agency that collectively evidence the First Mortgage Loan.

"Hazardous Materials" shall mean and include those elements, materials, compounds, mixtures or substances which are contained in any list of hazardous substances adopted by the United States Environmental Protection Agency (the "EPA") or any list of toxic pollutants designated by Congress, the EPA, or the New Jersey Department of Environmental Protection ("NJDEP"), or which are defined as hazardous, toxic, pollutant, infectious, flammable or radioactive

by any of the Environmental Laws, and, whether or not included in such lists, shall be deemed to include all products or substances containing petroleum, asbestos, lead, and polychlorinated biphenyls.

"IRS Regulations" means the regulations promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service pursuant to the Code, and to the extent applicable, pursuant to the Internal Revenue Code of 1954, as both may be amended from time to time, including all rules, rulings, policies, and official statements issued by the United States Department of the Treasury or the Internal Revenue Service.

"Land" means the real property described in Schedule "A" attached hereto and made a part hereof.

"Loan Documents" means and includes this Agreement, the First Mortgage, the First Mortgage Note I, First Mortgage Note II, the Assignment of Leases, the UCC-1 Financing Statements, the Security Agreement, the Closing Escrow Agreement, and, in the event the Project is receiving Tax-Exempt Financing, the Tax Certificate.

"Low Income Tenants" means occupants of the Project who have income of 50 percent or less of the area median gross income, adjusted for family size, as determined under Section 142(d) of the Code.

"Permitted Encumbrances" means any

(i) Utility, access and other easements and rights of way, restrictions and exceptions that do not, individually or in the aggregate, materially impair the utility or value of the Project or Land for the purposes for which it is intended;

(ii) Liens which are being contested in good faith and for which the Owner has provided security satisfactory to the Agency;

(iii) Liens subordinate to the First Mortgage Loan arising due to any monies loaned in connection with the Project or other monies loaned to the Owner, provided such liens are disclosed to and approved by the Agency in writing; and

(iv) Any other encumbrances approved by the Agency in writing.

"Project" means the multifamily assisted living and independent living residential rental project, including an activity center, constructed or otherwise financed with the proceeds of the First Mortgage Loan and all other improvements to be constructed or located on the Land.

"Qualified Bond Counsel" means an attorney or law firm acceptable to the Agency with

respect to the issuance of bonds by States and their political subdivisions for the purpose of financing housing projects.

"Qualified Project Period" means the period beginning on the first day on which 10 percent of the residential units in the Project are occupied and ending on the latest of--

(i) the date which is 15 years after the date on which 50 percent of the residential units in the Project are occupied,

(ii) the 1st day on which no tax-exempt private activity bond issued with respect to the Project is outstanding, or

(iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"Residential Rental Project" means a qualified residential rental project as defined in Section 142(d) of the Code.

"Resolution" means the General and Series Resolutions and/or supplemental Resolutions of the Agency authorizing the sale and issuance of the Agency's Bonds, in connection with the financing or refinancing of the Project.

"Security Agreement" means the Security Agreement, and any amendment thereto, of even date herewith by and between the Agency and the Owner.

"Servicing Fee" means the servicing fee that is due from the Owner to the Agency as set forth in the First Mortgage Notes.

"State" means the State of New Jersey.

"Tax Certificate" means the Tax Certificate for Borrowers of Tax-Exempt Bond Proceeds, the form of which is attached hereto as Schedule "B" or to be supplied if the Project is receiving Tax-Exempt Financing.

"Tax-Exempt Financing" means financing received by the Owner from the proceeds of the tax-exempt Bonds issued by the Agency, the interest on which is excludable from gross income for purposes of Federal or State income taxation.

"Trustee" means the institution named under the Resolution and designated to act as trustee thereunder with respect to the Bonds, and its successors.

"UCC-1 Financing Statements" means the UCC-1 Financing Statements between the

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Owner and Agency given by the Owner to the Agency as additional security for the repayment of the First Mortgage Loan.

Section 2. Background and Purpose

The Owner will construct and shall own, maintain, and operate the Project and the Land. The Project consists of **154** units, comprised of 72 units of assisted living housing and 82 units of independent living with enhanced services, and a senior activity center building which will provide adult social day care services for 30 persons, all of which shall be for seniors 62 years of age and older or disabled, as set forth below, in the **Township of Mt. Olive, County of Morris, State of New Jersey**. To obtain financing for the Project, the Owner has applied to the Agency for the First Mortgage Loan pursuant to the provisions of the Act. The Project and the Land constitute a "housing project" as defined in the Act.

In connection with its application for the First Mortgage Loan, the Owner has furnished to the Agency Project information, including the description of the Land on which the Project is to be situated, plans and specifications for the construction and/or rehabilitation of the Project, the tenant population which is to be housed in the Project, the number of units of each type to be included therein, the estimated cost of providing the Project, information as to the projected income and expenses of the Project once completed and placed in operation and arrangements for the payments in lieu of taxes with respect to the Project. In approving the application and as a basis for providing the First Mortgage Loan, the Agency has relied upon all of the foregoing Project information.

The First Mortgage Loan is an "eligible loan," as defined in the Act, and is evidenced by the First Mortgage Notes and is secured by the First Mortgage, which constitutes a valid first lien on the Project and Land. The Agency intends to make a part of the First Mortgage Loan from funds obtained or to be obtained through the issuance of Bonds. Prior to issuance of the Bonds, the Agency intends to make available the First Mortgage Note I funds from Agency Administrative funds. Upon issuance of the Bonds, the First Mortgage Note II funds will be obtained through issuance of the Bonds and also become available. To secure payment of the Bonds, if issued, the Agency will pledge payments due from the Owner from its repayment of the First Mortgage Loan, when made. As a condition of the Agency's approval of the Owner's application for the First Mortgage Loan, the Owner and the Agency have entered into the Loan Documents.

The First Mortgage is being insured by the US Department of Housing and Urban Development ("HUD") pursuant to Section 542 of the Housing and Community Development Act of 1992 and the regulations set forth at 24 CFR Part 266 (the "HUD" Risk-Sharing Program").

In addition to the First Mortgage Loan, the Owner has obtained and the Agency has approved funding for the Project as follows:

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- (a) The Owner will make an investment in the Project as provided in Section 42 of this Agreement; and
- (b) The Developer Fee Pledge.

Section 3. Residential Rental Property

The Owner hereby represents, covenants, warrants and agrees that:

(a) The Project will be a senior mini-campus comprised of two residential buildings and one senior activity center with a 30-slot provision for adult social day care. One of the residential buildings shall be owned, managed, and operated exclusively as an Assisted Living Residence multi-family rental property (the "Assisted Living Building") and the other residential building shall be owned, managed and operated as independent living multi-family residential rental property with enhanced services (the "Independent Building"). The Assisted Living Building portion of the Project shall be comprised of a building of similarly constructed dwelling units applicable to assisted living, and the Independent Building portion of the Project shall be comprised of a building containing similarly constructed dwelling units applicable to independent senior living, together with any functionally related and subordinate facilities and such other non-dwelling units as approved by the Agency, except that in the event the Project receives Tax-Exempt Financing or Tax Credits, the Independent Building portion of the Project shall consist solely of a Residential Rental Project and no commercial or other facilities may be part of the Project unless permitted by the Agency, the ALR Code, the Code or IRS Regulations, as applicable to the Independent Building.

(b) The Assisted Living Building portion of the Project shall be licensed by the N.J. Department of Health, contain one or more similarly constructed dwelling units, each of which will contain at a minimum one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance, all of which shall meet the standards set forth in the ALR Code. In the event, the Project receives Tax-Exempt financing or Tax Credits, each unit shall also contain such facilities as required by the Code or IRS Regulations.

(c) None of the units in the Project will be utilized at any time for an initial lease term of less than six months or as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, life care facility, trailer court or park.

(d) All of the units in the Assisted Living Building shall be rented or available for rent on a continuous basis to members of the general public who are 62 years of age and older or who are disabled and who have been assessed to need Assisted Living services, including residents who require formal long-term care, and all of the units in the Independent Building shall be rented or available for rent on a continuous basis to members of the general public who are 62 years of age and

older. The Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to tenants as provided under Section 4 of this Agreement.

(e) In the event the Project receives Tax-Exempt Financing or Tax Credits, the Project shall comply with any additional requirements of the Code or IRS Regulations dealing with the residential character of the Project.

Section 4. Occupancy Restrictions Governing Tenant Income

The Owner acknowledges that as a condition of receiving financing pursuant to the Act, there are limits on the maximum income that tenants may earn in order to be eligible to lease, occupy, and/or reside in a unit at the Project. The Owner agrees to comply with the income restrictions as set forth in the Act and the Agency Regulations promulgated under the Act governing income restrictions.

The Owner also acknowledges that, in the event the Project receives Tax-Exempt Financing or Tax Credits, there are additional limits on the maximum income that tenants may earn in order to be eligible to lease, occupy and/or reside in a unit at the Project. In such event, the Owner agrees to comply with the income restrictions as set forth in the Code or IRS Regulations governing income restrictions.

In compliance with the foregoing income restrictions, the Owner agrees to rent a total of **20 percent** of the units (consisting of 14 of the assisted living units, 5 of which shall be dedicated to Alzheimer care tenants, and 17 of the independent units), at the Project to tenants whose income does not exceed **50 percent** of the area's median income adjusted for family size as median income is defined by the United States Department of Housing and Urban Development, from time to time. Additionally, the Owner agrees to rent 17 of the units in the Assisted Living Building without income restrictions to Alzheimer care tenants. The Owner acknowledges that if the income restrictions set forth in this paragraph are more restrictive than the restrictions prescribed under the Act and/or the Code, that the Owner will abide by such restrictions as an inducement for and part of the consideration for the Agency to make the First Mortgage Loan.

In the event the Project is receiving Tax-Exempt Financing, the Owner hereby represents, warrants and covenants that at all times throughout the Qualified Project Period, not less than **20/40** percent of the units shall be leased to qualified Low-Income Tenants. For purposes of complying with these requirements, any dwelling unit occupied by an individual or family who is a Low-Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Low-Income Tenant even though such individual or family subsequently ceases to be a Low-Income

Tenant. The preceding sentence shall not apply to any resident whose income as of the most recent income determination exceeds 140 percent of the income limit applicable to such resident, if after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project is occupied by a new resident whose income exceeds the applicable income limit. If a unit is vacated by an individual or family who qualified as a Low-Income Tenant, such dwelling unit shall be treated as occupied by a Low-Income Tenant until reoccupied (other than for a temporary period of not more than 31 days), at which time the character of the unit shall be redetermined. All Assisted Living Building dwelling units have been and shall be occupied by or held available for rental only to members of the general public who have been assessed to need Assisted Living services, including residents who require formal long-term care, without regard to race, creed, religion, national origin or sex.

The Owner agrees to rent 5% of the Assisted Living Building units for Low-Income Tenants to individuals who are Medicaid eligible in compliance with the Agency Regulations governing Assisted Living Residences.

In addition, if the Project is receiving Tax-Exempt Financing, the Owner hereby represents, warrants and covenants that at all times throughout the Qualified Project Period, the Owner shall comply with its representations, warranties and covenants in the Tax Certificate.

In compliance with the HUD Risk-Sharing Program the Owner agrees to rent not less than 20 percent of the units to tenants whose income does not exceed 50 percent of the area's median income adjusted for family size, as median income is defined by US Department of Housing and Urban Development.

In the event of a conflict among the above requirements, the most stringent shall apply.

Section 5. Representations, Warranties and Covenants of the Owner

The Owner represents, warrants and covenants that:

(a) The Owner (i) is a limited liability company duly organized and validly existing under the laws of the State, duly authorized to transact business in the State and a qualified housing sponsor within the meaning of the Act, (ii) has provided the Agency with a true and complete filed copy of its Certificate of Filing of Limited Liability Company and Operating Agreement, with all amendments to any such documents, (iii) has the power and authority to own its properties and assets including the Project and Land and to carry on its business as now being conducted (and as now contemplated), and (iv) has the power to execute and perform all the undertakings of this Agreement, and the other Loan Documents.

(b) To the best of the Owner's knowledge after due and diligent inquiry, the

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execution and performance of this Agreement, the other Loan Documents and other instruments required pursuant to this Agreement by the Owner (i) shall not violate or, as applicable, have not violated, any provision of law, rule or regulations, any order of any court or other agency or government or any provision of any document to which the Owner is a party, and (ii) will not violate or, as applicable, have not violated, any provision of any indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature other than the liens created hereby or permitted hereunder.

(c) All necessary action has been taken by the Owner to authorize the Owner's execution, delivery and performance of the Loan Documents.

(d) The Loan Documents have been duly executed and delivered by the Owner and constitute the valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms.

(e) The Owner has, at the time of execution of this Agreement, good and marketable fee simple title to the Project and Land free and clear of any lien or encumbrance, except for Permitted Encumbrances. It will continue to retain ownership of the Project and Land during the term of the First Mortgage, subject to the terms of this Agreement and the other Loan Documents, the Act, the Agency Regulations, the ALR Code and, if applicable, the Code or IRS Regulations.

(f) There is no arbitration, mediation or other dispute resolution proceeding now pending or, to the knowledge of the Owner after due and diligent inquiry, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business as now conducted, or as contemplated to be conducted under this Agreement, or would materially adversely affect its financial condition.

(g) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner after due and diligent inquiry, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted, or as contemplated to be conducted under this Agreement, or would materially adversely affect its financial condition.

(h) The operation of the Project in the manner presently contemplated and as described in this Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Owner has caused the Project to be designed in accordance with all Federal, State and local laws or ordinances (including rules and regulations) and the ALR Code relating to zoning, building, safety and environmental quality. Further, the Owner has or will receive all necessary governmental approvals and building permits for the Project.

(i) The Owner has filed or caused to be filed by it all Federal, State and local tax returns which are required to be filed by it, and has paid or caused to be paid all taxes as shown on said return(s) or on any assessment received by it, to the extent that such taxes have become due.

(j) The Owner is not in material default in the performance, observance or fulfillment of any other obligations, covenants or conditions contained in any material agreement or instrument to which it is a party (including the Certificate of Need issued by the N.J. Department of Health).

(k) To the best of its knowledge after due and diligent inquiry, the information contained in the legal description of the Land as set forth in Schedule "A" is accurate in all material respects and does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(l) If the Agency issues Bonds to finance the Project, all information contained in the Preliminary Official Statement and Official Statement as it relates to the Owner, the Project and the Land, as of the date on which the Preliminary Official Statement and Official Statement are furnished to the underwriter, did not and will not contain any untrue statement of a material fact and did not and will not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Project receives Tax-Exempt Financing, the Owner shall not take or permit any action to be taken which would have the effect, directly or indirectly, of causing interest on any Bonds to be included in gross income for purposes of Federal or State income taxation.

(m) The Owner has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof or the Loan Documents and in any event the Owner acknowledges that the requirements of this Agreement and the other Loan Documents are paramount and controlling as to the rights and obligations therein and shall supersede any other requirements in conflict therewith.

(n) All statements contained in all applications, correspondence or other materials as amended from time to time and delivered to the Agency by the Owner in connection with its First Mortgage Loan or relating to the Project and/or the Land are accurate in all material respects and do not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(o) The Owner will not permit any modification or amendment of the Owner's charter, articles of incorporation or association, by-laws or partnership agreement or other governing instrument or instruments, or a transfer of any stock or ownership interest, which would materially impair its right to carry on business as now conducted, or as contemplated to be conducted under this

Agreement.

(p) The representations, covenants and warranties of the Owner contained in this Agreement on the date of its execution are true and shall continue to be true at all times during the term of this Agreement. The Owner has a continuing obligation to notify the Agency if any of the representations, covenants and warranties contained in this Agreement are no longer true.

(q) No event has occurred and no condition exists which constitutes an Event of Default under this Agreement or the other Loan Documents or which, but for a requirement of notice or lapse of time, or both, would constitute such an Event of Default.

(r) A true copy of the entire contract for construction of the Project, with all modifications and addenda to date, has been delivered to the Agency and no default exists under said contract.

(s) The Owner has entered into an agreement with the municipality in which the Land is situated providing for real property tax abatement or payments in lieu of taxes by the Owner with respect to the Project and Land; a true copy of such agreement including any amendments thereto has been furnished to the Agency; such agreement is in full force and effect and no proceedings questioning its validity are pending or threatened.

(t) The Owner has provided the Agency with a 100% payment and performance bond in a form acceptable to the Agency to ensure that the Project has been properly completed in accordance with the plans and specifications and that all contractors, subcontractors, suppliers, materialmen, and vendors performing work on the Project have been paid.

(u) At the time of completion of the construction of the Project, the Owner shall obtain valid releases acceptable to the Agency from all contractors and subcontractors who have performed work on the Project.

Section 6. Environmental Representations, Warranties and Covenants of the Owner

The Owner represents, warrants and covenants as follows:

(a) Neither Owner nor, to the best of the Owner's knowledge, information and belief, any prior owner or any current or prior tenant, subtenant, or other occupant of all or any part of the Project or Land has used or is using Hazardous Materials on, from or affecting the Project or Land in any manner that violates any Environmental Law, and no Hazardous Materials have been or will be disposed of or stored on the Project or Land intentionally or unintentionally, directly or indirectly, or by any person whether related or unrelated to Owner.

(b) The Owner has received no notice from any person or entity, public or private,

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claiming any violation of any Environmental Law with regard to the Project or Land. There have been no claims, litigation, administrative proceedings, whether actual or threatened, or judgments or order relating to any Hazardous Materials, hazardous wastes, discharges, emissions, or other forms of pollution relating to the Project and/or Land.

(c) The Project and Land does not contain any asbestos-containing material in friable form, and there is no current and will be no future airborne contamination of the Project or Land by asbestos fiber, including any potential contamination that would be caused by maintenance or tenant activities in the Project.

(d) To the best of the Owner's knowledge, information and belief, there have been no Hazardous Materials, hazardous substances or hazardous wastes, as defined by the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. (P.L. 1993, C.112), Spill Compensation and Control Act (N.J.S.A. 58:10-23.11 et seq.), CERCLA as amended (42 U.S.C. Subsection 9601 et seq.), or any other applicable Environmental Laws generated, manufactured, refined, transported, treated, stored, handled, discharged, spilled or disposed of on the Project and/or Land.

(e) There are no underground storage tanks in the Project or on the Land except as disclosed to the Agency in the Phase I Environmental Site Assessment prepared by Melick-Tully and Associates, P.C. dated November 24, 1999 and updated as of March 1, 2001 (the "Environmental Report"), a copy of which was provided to the Agency. The Owner agrees to maintain, operate, monitor or close all underground storage tanks strictly in compliance with the applicable Environmental Laws.

(f) There is no lead-based paint hazard at the Project and no lead-contaminated soil on the Land except as disclosed to the Agency in the Environmental Report. The Owner agrees to perform any lead-hazard abatement or remediation activities with the approval of the Agency and strictly in compliance with applicable Federal and State laws and regulations. The Owner of any housing constructed prior to 1978 ("Target Housing") agrees to provide lead warning statements and to disclose known lead-based paint hazards to all tenants and prospective tenants in Target Housing as required by 42 U.S.C. Section 4852d and the Federal regulations promulgated thereunder.

(g) The Project is not located within "freshwater wetlands" or a "transition area", each as defined by N.J.S.A. 13:9B-3, and will be or has been constructed in compliance with the New Jersey Freshwater Wetlands Protection Act, as amended, N.J.S.A. 13:9B-1 et seq., and the rules and regulations promulgated thereunder.

(h) The Owner will construct, maintain, and operate the Project and Land, and will cause its tenants to use and operate the Project and Land, in compliance with all Environmental Laws.

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Section 7. Reporting Requirements

The Owner agrees to comply with the following reporting requirements:

(a) The Owner shall obtain from each tenant, prior to the date of such tenant's initial occupancy in the Project, an income certification in the form required by the Agency, or in the event the Project receives Tax-Exempt Financing and/or Tax Credits, the Owner shall obtain the certification in the form required by the Code or IRS Regulations. The Owner shall obtain income recertifications from each tenant at such times as required by the Act or the Agency Regulations or, if applicable, the Code or IRS Regulations.

(b) The Owner shall file with the Agency, (i) on the fifth day of each month, copies of the initial occupancy income certifications specified in Section 7(a) hereof obtained by the Owner during the previous month and (ii) within 45 days of the end of each calendar year copies of the recertifications specified in Section 7(a) hereof, or at such other times as required by the Act or the Agency Regulations or, if applicable, the Code or IRS Regulations.

(c) The Owner shall maintain complete and accurate records beginning with the date of initial occupancy pertaining to the income of each tenant and rent charged to tenants residing in the Project, and shall permit, with or without notice to the Owner, any duly authorized representative of the Agency to inspect the books and records of the Owner pertaining to the incomes of and rent charged to all tenants residing in the Project.

(d) The Owner shall maintain and/or provide to the Agency such other reports, records and information as required by the Act, the Agency Regulations the ALR Code or, if applicable, the Code or IRS Regulations.

(e) In the event the Project is receiving Tax-Exempt Financing, the Owner shall submit to the Secretary of the United States Department of the Treasury, at such time and in such manner as the Secretary shall prescribe, an annual certification as to whether the Project continues to meet the requirements of Section 142(d) of the Code. A copy of such certification shall be sent to the Agency.

(f) The Owner shall provide the Agency with a true copy of all inspection survey reports issued by the Department of Health under the State Health Facilities Inspection Program, as well as any deficiency notices, waiver or requests for waivers, as provided for under the ALR Code and a true copy of all renewals of the Project's license issued under the ALR code, within five (5) days of receipt of same by Owner.

Section 8. Covenants to Run With the Land

(a) The Agency and the Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth in this Agreement touch and concern the Land in that the Owner's legal interest in the Project and Land is rendered less valuable thereby. The Agency and the Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the Project and Land by enhancing and increasing the enjoyment and use of the Project and the Land by the tenants, contemplated under this Agreement and by furthering the public purposes for which the First Mortgage Loan is made and the Bonds, if any, are to be issued. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project and Land. Except as provided in subsection (b) below, the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the Land and hereof and shall pass to and be binding upon the Owner's assigns and successors in title to the Land or Project. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or the Land or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Project or Land are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Project and Land.

(b) Upon termination of this Agreement in accordance with Section 9 hereof, said covenants, reservations and restrictions shall expire and in such event, the Agency shall, at the expense of the Owner, execute any and all instruments reasonably required to evidence of record the satisfaction, cancellation and discharge of this Agreement.

Section 9. Term

This Agreement shall remain in full force and effect until all indebtedness from the Owner to the Agency with respect to the Project shall have been paid in full in accordance with the provisions of this Agreement, the First Mortgage Notes and the other Loan Documents, provided however that (a) if the First Mortgage Loan is prepaid, this Agreement shall remain in effect as provided in the Agency Regulations governing prepayment, and (b) if the Project is receiving Tax-Exempt Financing, this Agreement shall remain in full force and effect for a period not less than the Qualified Project Period.

Section 10. Construction and Funding

A. Construction of Project

The Owner covenants and agrees to comply with all the provisions of the Construction

Contract. The Owner covenants and agrees to diligently pursue the construction of the Project to completion by the date of completion in the Construction Contract, time being of the essence, in accordance with the plans and specifications for the Project set forth in the Owner's First Mortgage Loan application and the Construction Contract and as approved by the Agency.

The Owner shall not approve or allow to occur any change in the plans and specifications for the Project or any change order under the Construction Contract except with the prior express approval of the Agency in the manner provided in the Construction Contract. Construction of the Project shall at all times be subject to the discretionary inspection, discretionary review, regulation and approval of the Agency and its duly authorized representatives as provided in the Construction Contract. Any such inspection, regulation, review or approval of the Agency shall be solely for its benefit for the purpose of assuring that the programs and goals of the Agency are being fulfilled and, when applicable, for the benefit of the holders of Bonds under the Resolution and in furtherance of its obligations under the Act and shall not be construed as making the Agency a party to the Construction Contract, nor shall it relieve the Owner of any of its obligations under this Agreement, the Construction Contract or Loan Documents.

Pursuant to the Act the Owner agrees that it will not pay nor will it permit any contractor or subcontractor engaged in the construction of the Project to pay any workers employed on the construction of the Project less than the prevailing wage rate as determined by the Commissioner of Labor and Industry pursuant to, and in accordance with, the New Jersey Prevailing Wage Rate Act, N.J.S.A. 34:11 et seq., to the extent that said Act applies.

The Construction Contract provides for performance and payment bonds in favor of the Agency and the Owner. The Owner shall not do any act which would cause the release, in whole or in part, of the surety bond or bonds issued in connection with the Construction Contract, including, without limitation, deviation from the payment schedule, waiver of any requirements imposed on the general contractor or any subcontractor under the Construction Contract or consent to any change in the plans and specifications or scope of the work, unless such act would not cause any release because the surety has consented thereto.

The Owner covenants and agrees to notify the Agency within three (3) business days of the occurrence of any default under the Construction Contract or the Loan Documents.

B. Funding of Construction

Upon and subject to the terms and conditions of this Agreement, the First Mortgage and the First Mortgage Notes, the Agency agrees to advance to the Owner in successive advances as described herein the lesser of: (1) an amount not to exceed **TWENTY-ONE MILLION TWO HUNDRED NINETY THOUSAND AND 00/100 DOLLARS (\$21,290,000.00)** or such amount as may be established by the Agency in accordance with its underwriting guidelines upon the issuance of the Bonds, or (2) 90% of the cost of the Project as established by the Agency in accordance with its

normal procedures for auditing or otherwise verifying Project cost, of which the proceeds of First Mortgage Note I will be disbursed first, and the proceeds of First Mortgage Note II will be disbursed upon the issuance of the Bonds.

The Owner agrees to contribute equity toward the construction of the Project as may be required pursuant to Section 42 of this Agreement and to pay all cost overruns related to the construction and completion of the Project.

The Owner covenants and agrees, upon completion of the Project, to certify to the Agency the actual cost of the Project. This cost as certified by the Owner shall be audited and verified by the Agency in accordance with its normal procedures. In the event that the amount advanced on the First Mortgage Loan shall exceed 90% of the cost of the Project, the Owner shall pay forthwith to the Agency as an allowed partial prepayment of the First Mortgage Loan, the amount of such excess, as determined by the Agency. When the Agency has completed its audit and verification, it shall promptly notify the Owner in writing of the actual Project cost as finally determined by the Agency.

C. Procedures for Advances

The Owner shall establish a Project construction account with a bank or trust company in the State of New Jersey approved by the Agency and which is a member of the Federal Deposit Insurance Corporation, which account shall be under the joint control of the Owner and the Agency, but which shall also allow the Agency to unilaterally withdraw funds from said account for payment back to the Trustee or the Agency for construction interest payments, debt service payments, escrow requirements, Servicing Fees or other costs for construction of the Project or for any time that funds remain in the account for more than ninety (90) calendar days, upon the provision of written notice to the Owner of its actions. Advances shall be deposited directly to such Project construction account.

The final advance shall be made only after the Agency has completed its cost certification for the Project in accordance with the Agency's normal procedures and only after the Agency has received a Certificate of Occupancy from the Owner for all dwelling units in the Project.

Advances during construction will normally be made once a month in an amount sufficient to pay the applicable percentage of Contractor's and/or Owner's requisitions (less retainage) for the cost of construction of the Project then due and payable under the terms of the Construction Contract and approved by the Agency, but advances may be made at such other times or intervals as may be determined by the Agency.

D. Conditions Precedent to Advances

The Agency's obligation to make each advance under the First Mortgage shall be subject to the requirements of the Resolution, and to the satisfaction of the following conditions precedent,

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any of which may be waived in whole or in part by the Agency:

1. each of the Owner's covenants, agreements, representations and warranties contained in this Agreement shall continue to be true and shall not have been breached as of the date of this advance;
2. the full amount of all previous advances shall have been expended for Project costs approved by the Agency;
3. all work performed and material furnished for the Project shall be in accordance with the plans and specifications for the Project and all work shall have been properly performed to the satisfaction of the Agency;
4. no event shall have occurred and no conditions shall exist which would prevent the advance from becoming a valid first mortgage lien on the Project and Land or secured by a prior perfected security interest on all other collateral mentioned in the First Mortgage. If the Agency shall deem it necessary or desirable, all or part of any advance may be disbursed in escrow to a title insurance company licensed to do business in the State of New Jersey for the purposes of discharging any construction or other lien on the Project and Land or on any other security mentioned in the First Mortgage; and
5. the Agency shall have received a currently dated, certified survey of the Land showing that the Project construction is within the Land (and any required setbacks) and does not encroach on the property of others, which survey shall only be required as a condition precedent to the first and final advances.

The Owner agrees to certify, in writing, that the foregoing conditions have been satisfied.

Section 11. Insurance; Condemnation

During the term of the First Mortgage Loan, the Owner shall cause all the buildings on the premises and the fixtures and articles of personal property covered by the First Mortgage to be insured against loss by fire and against loss by such other hazards as may be required by the Agency for the benefit of the Agency including but not by way of limitation flood insurance if any part of the Project is located in an area designated by or on behalf of the Federal government as having specific flood hazard. Such insurance shall be written by such companies, in such forms as are satisfactory to the Agency, in an amount not less than the full replacement value of the Project. The Owner shall assign and deliver the policies to the Agency. The Agency shall be listed as mortgagee, loss payee and additional insureds under such policies. Such policies shall provide that the insurer may not cancel the policy and will not refuse to renew the policy except after thirty (30) calendar days written notice to the Agency. If the Agency shall not receive evidence satisfactory to it of the existence of effective insurance coverage as required by the Agency, the Agency may (but shall not be required to) obtain such coverage, and the Owner shall reimburse the Agency on demand for any premiums paid for insurance procured by the Agency, and until so reimbursed the amount of such premiums

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shall be added to the principal sum as defined in the First Mortgage Notes and shall bear interest at the interest rate in the First Mortgage Notes.

If the Project shall be damaged, destroyed or taken by condemnation (in whole or in part), the Agency shall direct the Owner to promptly reconstruct the Project to substantially the same condition as existed prior to such damage, destruction or condemnation, with such changes, alterations and modifications as may be desired by the Owner and approved by the Agency, provided that the plans and specifications for reconstruction of the Project are approved by the Agency and, in the Agency's determination, the proceeds of the insurance or of the damages or award received as a consequence of such damage, destruction or condemnation, together with any other money available for such purpose, are sufficient to pay the cost of such reconstruction and upon completion of the reconstruction of the Project it shall be financially feasible.

In the event of reconstruction of the Project, the Agency, upon receipt of a written request by the Owner that payments are required for such purpose, shall apply so much as may be necessary of such proceeds of the insurance and any investment income earned thereon to the payment of the costs of such reconstruction as such work progresses.

No money shall be disbursed to pay the costs of reconstruction unless no Event of Default exists hereunder and unless the Agency first shall have received all of the following:

- (a) a certificate from the Owner to the effect that:
 - (1) the full amount of such disbursement and all of the prior disbursements constitute proper and reasonable costs of reconstruction work performed or materials delivered to the site of the Project;
 - (2) all work performed and material furnished for the reconstruction of the Project have been in accordance with plans and specifications; and
 - (3) all such work has been performed to the satisfaction of the architect retained to prepare the plans and specifications for reconstruction of the Project.
- (b) appropriate insurance from a title insurance company, licensed to do business in the State and acceptable to the Agency, insuring that there are no liens or encumbrances on the Project other than Permitted Encumbrances;
- (c) if the location of any improvement is to be altered, a currently dated, certified survey showing that all improvements are on the Land within any required set-backs and do not encroach on the real property of others;
- (d) a certificate signed by the Owner that the Project remains financially feasible;

and

(e) evidence satisfactory to the Agency that the Owner's license to operate the Project under the ALR Code remains in full force and effect.

If in the Agency's determination, the proceeds of the insurance or of the damages or award received as a result of damage, destruction or condemnation together with any other money available for such purpose are not sufficient to pay the cost of reconstruction or if the Project will not be financially feasible or will not be relicensed under the ALR Code upon such reconstruction, then the proceeds of such insurance shall be applied to the indebtedness on the First Mortgage Loan. Nothing in this Section shall affect the lien of this Agreement and the First Mortgage Loan or the liability of the Owner for payment of the entire balance of the First Mortgage Loan.

The Owner shall maintain continuously in effect such other insurance coverage of the types and in the amounts specified by the Agency, including worker's compensation insurance and other insurance required by law with respect to employees of the Owner, and liability insurance with limits of not less than \$1,000,000.00 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000.00 per accident or occurrence on account of damage to the property of others, and a blanket excess liability policy in an amount not less than \$20,000,000.00, protecting the Owner and the Agency against any loss or liability or damage for personal injury or property damage with respect to the Project. The Owner shall also maintain use and occupancy insurance covering loss of revenues derived from the Project by reason of interruption, total or partial, of the use of the Project resulting from loss or physical damage thereto in an amount not less than one year's gross rental income. The Owner shall carry fidelity bond insurance covering all employees of the Owner authorized to handle the revenues derived from the Project in an amount equal to one-half times the maximum monthly rent roll.

In the event the Project receives financing from proceeds of Bonds, the Owner covenants and agrees to provide such additional insurance coverage as required in the Resolution.

Section 12. Taxes, Payments in Lieu of Taxes and Other Municipal Charges; License Fees

The Owner covenants and agrees to pay all taxes, payments in lieu of taxes, assessments, water charges, sewer charges, license fees under the ALR Code and other charges imposed on the Project or Land by the municipality, county, State or other governmental body having jurisdiction over the Project. If such charges are not paid by the Owner, the Agency may pay the same. Any such sum(s) so paid by the Agency shall be payable by the Owner on demand by the Agency and until paid the amount of such sums shall be added to the principal sum as defined in the First Mortgage Notes, and shall bear interest at the interest rate in the First Mortgage Notes.

Section 13. Liens and Encumbrances

The Owner covenants and agrees to maintain its right, title and interest in the Project, Land and all items enumerated in the First Mortgage, as security for repayment of the First Mortgage Loan, free and clear of all liens, security interests and other encumbrances except for Permitted Encumbrances and those exceptions identified and set forth in a certain title insurance commitment issued to the Agency by **Atlantic Title Agency, Inc. for First American Title Insurance Company, dated January 4, 2001**, identified as **Title #AT 13527.165**, and continued to the date of this Agreement, as accepted by the Agency. The foregoing covenant and agreement shall not prevent the Owner from leasing or renting the Project or Land in the manner as otherwise provided in this Agreement. Except with the written consent of the Agency, the Owner will not install any item of tangible personal property as part of the fixtures or furnishings of the Project which is subject to a purchase money lien or security interest.

The Agency may, at its sole option, pay the amount necessary to discharge any lien or other encumbrance, and the Owner shall reimburse the Agency upon demand for any amounts so paid. Until reimbursement of the Agency of any amounts so paid, such amount shall be added to the principal sum as defined in the First Mortgage Notes and shall bear interest at the interest rate in the First Mortgage Notes.

Section 14. Maintenance, Repair and Replacement

The Owner covenants and agrees to maintain the Project and the Land, including, but not limited to, the dwelling units contained therein, any related facilities, the appurtenant equipment and grounds in good repair and condition so as to provide decent, safe and sanitary housing accommodations. In the event that any investigation, site monitoring, containment, clean-up, removal, restoration, remediation, or other remedial work of any kind or nature (the "Remedial Work") is required under any applicable Environmental Laws at, on, about, under or within the Project or Land, the Owner agrees to commence and diligently perform and complete such Remedial Work in compliance with all applicable Environmental Laws, at its own expense. In the event the Owner shall fail to timely commence, perform and complete such Remedial Work, the Agency may, at its sole and absolute discretion, cause such Remedial Work to be performed and the Owner shall reimburse the Agency upon demand for all costs incurred by the Agency in connection with the performance, completion and monitoring of such Remedial Work. Until reimbursement of the Agency of any costs so incurred, such amount shall be added to the principal sum as defined in the First Mortgage Notes and shall bear interest at the interest rate in the First Mortgage Notes.

The Owner will not make any substantial alteration in the Project without the consent of the Agency, nor will the Owner permit the removal of any fixtures or articles of personal property except with the consent of the Agency and in connection with the replacement thereof with appropriate property of at least equal value that is free of all liens or claims.

The Owner will not demolish any part of the Project, substantially subtract from or permit any waste of the real or personal property comprising the Project or Land, or make any alteration which will increase the hazard of fire or other casualty.

Section 15. Advance Amortization Payments

Because the public purposes of the Agency include maximizing the period during which the dwelling units in the Project are available to persons whose incomes do not exceed the maximums provided by the Act, the Agency Regulations, and if applicable, the Code or IRS Regulations, the Owner shall not make any advance principal repayment except as allowed by the Agency Regulations and if the Project is financed by Bonds, as allowed under the Resolution. With respect to any advance amortization payment, if the Agency shall have consented thereto, the Owner shall, if the First Mortgage Loan is financed from Bonds, pay to the Agency an amount sufficient (a) to enable the Agency to redeem Bonds of the appropriate series in the principal amount as required under the Resolution, (b) to pay the interest accrued and to accrue on the Bonds to be redeemed to the redemption date thereof, (c) to pay the redemption premium, if any, on the Bonds to be redeemed, (d) to pay the cost and expense of the Agency in effecting the redemption of the Bonds to be redeemed including legal fees of the Agency, as determined by the Agency, including any investment shortfall resulting from liquidation of investments, and (e) to pay any other cost, expense and liability incurred by the Agency in connection with the financing of the Project and issuance of its Bonds for such purpose not previously paid or provided for by the Agency including, without limitation, underwriting discount or other unamortized Bond discount; provided, however, that only the amount of such advance amortization payment applied as provided in (a) above shall be credited against the unpaid balance of the First Mortgage Loan.

Section 16. Reserves

On the date of the execution of this Agreement, the Owner will deposit with the Agency the following amounts (in cash unless otherwise indicated) which will serve as a reserve against late payments and be available to pay expenses when due:

- (a) one monthly installment of debt service on the First Mortgage Notes, including principal and interest;
- (b) an amount equal to one-half (1/2) of the estimated annual insurance payments;
- (c) an amount equal to one-quarter (1/4) of the estimated annual real property taxes or payments in lieu of taxes;

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(d) an amount equal to one-quarter (1/4) of the annual mortgage insurance premium. In addition to the reserve for mortgage insurance premiums, the initial mortgage insurance premium in the amount of \$99,797.00 shall be due and payable simultaneously with the execution of this Agreement; and

(e) an amount equal to one (1) day's operating expenses, including debt service, and the expenses of tenant services and meals, as determined by the Agency. Thereafter the Owner must continue to fund the operating reserve fund until it reaches 75 days' worth of operating expenses in order for the Owner to be eligible to receive a return on its investment pursuant to Section 42 of this Agreement; and

Commencing with the Amortization Date, as defined in the First Mortgage Notes, and on the first day of each month thereafter, the Owner will pay to the Agency:

(f) one-twelfth (1/12) of the estimated annual amounts necessary to pay taxes or payments in lieu of taxes and insurance premiums;

(g) an amount equal to 1/12 the amount of \$600 per unit for one year and thereafter such sum as the Agency may determine pursuant to its established management policy as a reserve for repairs and replacement; and

(h) one-twelfth (1/12) of the annual mortgage insurance premium set forth in paragraph (d) above. The annual amount due for mortgage insurance premiums shall be based upon .375% of the Principal Sum set forth in Section 1 of the First Mortgage Notes, notwithstanding when the entire Principal Sum has been disbursed. The annual amount due for mortgage insurance premiums shall not be adjusted due to any amortization, partial prepayment or other reduction in the Principal Sum.

All reserves required pursuant to this Section shall be held in escrow accounts under the sole control of the Agency and shall be paid out for the benefit of the Project as needed on request of the Owner or on the Agency's own initiative. Any interest which may be earned on such reserves shall remain in the escrow accounts and shall be used for similar purposes unless the Owner and Agency mutually agree to apply the funds to some other Project purpose.

If the Agency determines that the reserves specified herein are insufficient to insure prompt payment of taxes, payments in lieu of taxes, insurance premiums, or to properly fund painting, decorating, repair and replacement needs with respect to the Project, or to fund daily operating expenses, then the Agency may require increases in the required reserves necessary to assure proper funding.

Additionally, the Project shall establish from funds otherwise distributable to the Owner as a

return on investment, as provided in Section 42 hereof, a Service Subsidy Escrow account. Funds paid into the Service Subsidy Escrow account shall be set up and administered by the Agency and utilized to subsidize the costs of rent and services for low-income tenants in need of such assistance, as determined by the Agency.

Section 17. Compliance Requirements

The Owner covenants and agrees to comply with the Act, the Agency Regulations, and the ALR Code and with any amendments or supplements to the Act, the Agency Regulations, and the ALR Code. If the Project receives Tax-Exempt Financing or Tax Credits, the Owner covenants and agrees to comply with the Code or IRS Regulations and with any amendments and supplements to the Code and IRS Regulations, and, in addition, if the Project receives Tax-Exempt Financing, the Owner shall comply with its representations and covenants in the Tax Certificate throughout the term hereof.

The Owner represents, acknowledges and agrees that a portion of the proceeds of the First Mortgage Loan will be funded from the Agency's Administrative fund and the remaining portion of the First Mortgage Loan proceeds have been or are expected to be funded through the issuance of Bonds. The Owner agrees that it will execute and be bound by any amendments to this Agreement and the other Loan Documents and any additional documents as may be required by Qualified Bond Counsel for the issuance of the Bonds and/or to comply with the Code or IRS Regulations. The Owner further agrees to comply with any other requirements of the Agency that Qualified Bond Counsel reasonably believes to be necessary in connection with its marketing and issuance of Bonds. To the extent any amendments, modifications or changes to the Code or IRS Regulations shall, in the written opinion of Qualified Bond Counsel, impose requirements upon the construction, ownership, occupancy or operation of the Project, the parties agree that this Agreement and/or the other Loan Documents shall be amended and modified in accordance with such requirements. The parties hereto agree to execute, deliver, and record, if applicable, any and all documents or instruments necessary in the opinion of and in the form approved by Qualified Bond Counsel to effectuate the intent of this Section.

If the Project receives financing from proceeds of Bonds, the Owner acknowledges receipt of the Continuing Disclosure Agreement, and the Owner agrees that in the event it subsequently becomes an "Obligated Person" meeting the objective criteria set forth in the Continuing Disclosure Agreement, it shall provide the Agency with the Obligated Person Data (as defined in the Continuing Disclosure Agreement) and the audited general financial purpose financial statements referred to in the Continuing Disclosure Agreement at the times necessary so as to allow the Agency to file the Annual Reports provided for in the Continuing Disclosure Agreement.

The Owner and Agency acknowledge that the Owner is receiving Tax-Exempt Financing and is not receiving Tax Credits. Accordingly, the Owner acknowledges that all of the provisions

concerning Tax-Exempt Financing are applicable and that **none** of the provisions concerning Tax Credits are applicable.

The Owner further covenants and agrees to comply with all applicable requirements of the HUD Risk-Sharing Program as set forth in Section 542 of the Housing and Community Development Act of 1992 and regulations promulgated hereunder. Not by way of limitation of the foregoing, the Owner covenants and agrees that so long as the First Mortgage is insured pursuant to the HUD Risk-Sharing Program it shall:

- (a) not use tenant selection procedures that discriminate against families with children, except in case of a project that constitutes housing for older persons as defined in Section 807(b) of the Fair Housing Act (42) U.S.C. 3607 (b) (2);
- (b) not discriminate against any family because of the sex of the head of household; and
- (c) comply with the Fair Housing Act, as implemented by 24 CRF part 100; Titles II and III of the Americans with Disabilities Act of 1990, as implemented by 28 CRF part 35; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as implemented by 24 CRF part 135; the Equal Credit Opportunity Act, as implemented by 12 CRF part 202; Executive Order 11063, as amended, and implemented by 24 CRF part 107; Executive Order 11246, as implemented by 41 CRF part 60; other applicable Federal laws and regulations issued pursuant to these authorities and applicable State and local fair housing and equal opportunity laws.

Section 18. Lease of Dwelling Units - Maximum Rents

The Owner shall offer dwelling units for lease and occupancy in strict accordance with the Act or Agency Regulations governing tenant marketing, eligibility and selection. The form of lease to be used by the Owner in leasing to residential tenants shall be previously approved by the Agency and shall comply in all respects with the Agency Regulations and the requirements of the Agency. Initial rents may not exceed such amounts as approved by the Agency. In the event the Project receives Tax-Exempt Financing or Tax Credits, rents may not exceed such amounts as prescribed by the Code or IRS Regulations. The form and terms of all leases for any other portion of the Project and/or Land, if permitted under this Agreement, are subject to the prior consent of the Agency. Rent increases for any dwelling unit shall be made pursuant to procedures prescribed by the Agency Regulations, or if applicable, the Code, ALR Code or IRS Regulations, as respectively applicable to the Assisted Living Building and the Independent Building.

Section 19. Consideration for Lease

The Owner covenants and agrees not to require as a condition of the occupancy or leasing of

any dwelling unit in the Project and not to accept or allow any employee or agent to accept any consideration other than the prepayment of the first month's rent plus a security deposit not in excess of one and one-half (1/2) month's rent unless otherwise approved in writing by the Agency to guarantee the performance of the covenants of the lease or occupancy agreement.

The Owner shall develop and implement a policy and procedure for handling the monthly personal needs allowance for each Assisted Living tenant who receives supplemental security income ("SSI") or general public assistance, as required by the ALR Code.

Section 20. Tenant Security Deposit

The Owner covenants and agrees to deposit all monies paid to the Owner by any residential tenant as a security deposit for the payment of rent in a separate interest bearing bank account held and maintained in accordance with applicable law, the ALR Code and instructions of the Agency as to its custody and control. The Owner may deduct from the interest earned on such security deposits an amount not to exceed that permitted by the ALR Code to cover the costs of servicing and processing the accounts.

Section 21. Account for Project Revenues

The Owner covenants and agrees to establish an account for Project revenues with a bank or trust company or savings and loan institutions approved by the Agency and maintaining an office within the State, the deposits of which are insured by the Federal Deposit Insurance Corporation. "Project Revenues" shall mean all rents and other revenues of any type whatsoever received in respect of the Project or the Owner, except for advances of the First Mortgage Loan. Project Revenues shall be deposited in such account. If the Agency so elects, this account shall be under the joint control of the Agency and the Owner, with all withdrawals requiring a countersignature by one of the authorized representatives of the Agency.

The Owner may not withdraw or use Project Revenues except to pay debt service due under the First Mortgage Notes, the Servicing Fee or other Project expenses approved by the Agency or return on investment payments due under Section 42 hereof. Project Revenues may not be transferred to or invested in any other accounts or investment vehicles, except as permitted by Agency Regulations.

Section 22. Inspection of Premises

The Owner covenants and agrees to permit the Agency, its agents, employees or representatives to enter upon and inspect the Project without prior notice, pursuant to the provisions of the Act.

Additionally, the Owner covenants and agrees to permit the New Jersey Department of Health, its agents, employees or representatives to enter upon and inspect ("survey") the Project for purposes of conducting all surveys of the Project as deemed necessary by the Department of Health in order to assure Project compliance with the ALR Code and as provided by the ALR Code.

The Owner further covenants and agrees to permit United States Department of Housing and Urban Development ("HUD") officials or employees to inspect the Project upon request of the Assistant Secretary for Housing-Federal Housing Commissioner.

Section 23. Books and Records

The Owner covenants and agrees to maintain adequate books and records of its transactions with respect to the Project in the form required by the Agency. Such books and records shall be available for inspection and audit by the Agency or its agents at any time during business hours, with or without notice, pursuant to the provisions of the Act. The Owner further covenants and agrees to cause its financial affairs to be audited at least annually by independent certified public accountants and shall furnish the Agency with the audit report of such accountants when received and in any event within three (3) months of the close of each of its fiscal years. The Owner shall adopt and use such uniform systems of accounts and records as may from time to time be required by the Agency.

The Owner shall further make books and records available for HUD or U.S. General Accounting Office ("GAO") review. The audit shall also comply with standards for financial audits of the GAO's government auditing standard, issued by the Comptroller of the United States.

Section 24. Management Agent Contract/Administrator's Contract

The Owner may, and if the Agency so elects, shall, contract for the services of a firm experienced in real estate management to act as the managing agent for the Project. The selection of any such managing agent, the scope of the agent's duties and the basis of the agent's compensation shall be subject to the approval of the Agency, and any contract for the employment of any managing agent shall provide that such contract may be terminated by the Agency at any time by notice of such determination by the Agency given to the Owner and managing agent.

The Owner may elect to contract for the services of an administrator along with an alternate administrator (per ALR Code) for the Project with real estate and health facility management experience. The administrator and the alternate administrator shall be qualified in accordance with the ALR Code. The selection of any such administrator shall be subject to the approval of the Agency, and any contract for the employment of any administrator shall provide that such contract may be terminated by the Agency at any time by notice of such determination by the Agency given to

the Owner and the administrator.

Section 25. Prohibited Actions

Except with the express approval of the Agency, the Owner shall not:

(a) incur any liabilities except in connection with the acquisition, construction, rehabilitation, repair, improvement and rental of the Project and Land, and its operation and maintenance;

(b) engage in any business activity except the ownership and operation of the Project and Land;

(c) enter into contracts to be paid from Project Revenues for managers, attorneys, accountants, or other services without the prior written approval of the Agency;

(d) pay more than the fair market value thereof for goods or services;

(e) transfer or invest Project Revenues in any other accounts or investment vehicles, except as permitted by Agency Regulations; or

(f) pay compensation from Project Revenues to any officer, director, member, partner, or shareholder in his capacity as such or make any cash distribution to any of the foregoing; provided, however, that if no Event of Default has occurred, and upon full funding of the 75-day operating reserve fund, the Owner may make distributions annually of a return on investment in an amount not to exceed the amount permitted under the Act, the Agency Regulations, and then only to the extent of its retained earnings not previously distributed, or as otherwise approved by the Agency. The Owner, however, shall not make any distribution payment without the express agreement of the Agency that retained earnings (or other funds) are available for such distribution.

Section 26. Change of Owner Status

The Owner shall not dissolve, liquidate, sell, transfer, convey or exchange the Project and/or Land or any portion thereof without prior approval of the Agency in compliance with the Agency Regulations and the New Jersey Department of Health in compliance with ALR Code. The Owner shall not dissolve, liquidate, sell, transfer, convey or exchange any shares, partnership or other ownership interest in the Owner except in accordance with the Agency Regulations and ALR Code. The Owner shall notify in writing and obtain the agreement in writing of any buyer or successor or other person acquiring the Project or Land or any interest therein, in a form acceptable to the Agency, that such acquisition is subject to the requirements of the Loan Documents, Act and Agency

Regulations and, if applicable, the Code or IRS Regulations and ALR Code. This notice provision shall not act to waive any other Agency or ALR Code restriction on such dissolution, liquidation, sale, transfer, conveyance or exchange.

Section 27. Estoppel

Within ten (10) business days of demand by the Agency, the Owner will furnish to the Agency in writing a statement of the outstanding balance of the principal sum plus all the accrued interest remaining due on the First Mortgage Loan, together with a statement of any defenses which may exist as to any liability of the Owner on the First Mortgage Notes, or otherwise hereunder.

Section 28. Financing Statements

The Owner hereby irrevocably authorizes the Agency to execute on its behalf one or more UCC-1 Financing Statements or renewals thereof in respect of any of the security interests granted by the First Mortgage or the Security Agreement. The Owner hereby assigns all its rights and interests in accounts established under this Agreement to the Agency, to the extent that such interest may be needed, pursuant to this Agreement. Upon demand by the Agency, the Owner shall execute one or more UCC-1 Financing Statements or renewals thereof.

Section 29. Assignment

The Owner hereby consents to any assignment of the Agreement by the Agency. No assignment or delegation of this Agreement by the Owner is permitted unless approved in writing by the Agency. If assigned, all rights, duties, obligations and interest arising under this Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

Section 30. Defaults

Each of the following shall be an Event of Default:

(a) failure by the Owner to pay more than ten (10) calendar days after the due date any installment of principal or interest under the First Mortgage Notes, or the Servicing Fee or any other payment required by the Owner to the Agency or any other person pursuant to the terms of this Agreement, the First Mortgage Notes, or the other Loan Documents;

(b) commission by the Owner of any act prohibited by the terms of this Agreement, or the other Loan Documents, or failure by the Owner to perform or observe in a timely

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fashion any action, obligation or covenant required by any of the terms of this Agreement or the other Loan Documents or failure by the Owner to produce satisfactory evidence of compliance therewith. The events set forth in this subsection shall not constitute Events of Default until the prohibited acts or failure to perform or observe shall remain uncured for a period of thirty (30) calendar days after the Agency's written notice to the Owner, specifying such prohibited act or failure and requesting that it be remedied, unless the Agency shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the prohibited act or failure stated in each notice is correctable, but cannot be corrected within the 30-day period, the Agency may consent to an extension of up to one hundred twenty (120) calendar days from the delivery of the written notice referred to herein if corrective action is instituted by the Owner within the initial 30-day period and diligently pursued.

(c) the filing by the Owner under any Federal or State bankruptcy or insolvency law or other similar law, or any petition in bankruptcy or for reorganization or composition with creditors or the making of an assignment for the benefit of creditors;

(d) the filing against the Owner of a petition seeking an adjudication as a bankrupt or the appointment of a receiver for the benefit of its creditors which shall not have been dismissed within forty-five (45) calendar days of the filing thereof, or the adjudication of the Owner as a bankrupt or the appointment of a receiver for the benefit of its creditors; or the appointment by court order of a custodian (such as a receiver, liquidator or trustee) of the Owner or of any of its property or the taking of possession of the Owner or any of its property for the benefit of its creditors and such order remains in effect or such possession continues for more than forty-five (45) days;

(e) the occurrence of substantial destruction of the Project by an uninsured casualty or the inability to replace or restore the Project in accordance with Section 11;

(f) any representation in conjunction with the Loan Documents or the Project by or on behalf of the Owner which is false or misleading in any material respect or any covenant, warranty, or representation of the Owner which is breached;

(g) any occurrence which results in the dissolution or liquidation of the Owner pursuant to the formation documents of the Owner;

(h) failure to comply with applicable provisions of the Act, the Agency Regulations, the ALR Code and, if applicable, the Code or IRS Regulations;

(i) failure to substantially complete the Project pursuant to the Construction Contract; or

(j) failure to comply with any provision of the ALR Code which could result in the suspension, one renewal, revocation or loss of the Project's license to operate as an Assisted

Living facility or result in a determination or action taken by the Department of Health to cease tenant admissions to or require tenant removal from the Project.

Section 31. Remedies

Upon the occurrence of any Event of Default, the Agency may at its option take any one or more of the following actions or remedies and no failure or delay to exercise any remedy or take any action enumerated shall constitute a waiver of such right or preclude a subsequent exercise by the Agency of any such remedy:

(a) declare the outstanding balance of the principal sum under the First Mortgage Notes plus all accrued interest, the Servicing Fee and all other liabilities of the Owner under the Loan Documents to be immediately due and payable;

(b) cease making disbursements, including from reserves held by the Agency;

(c) apply any reserves held by the Agency or the balance in the accounts for Project Revenues or any combination of these monies to the payment of the Owner's liabilities under the Loan Documents;

(d) foreclose the lien of the First Mortgage on the Project and Land including, without limitation, all improvements existing or hereafter placed in or on the Project and Land. In any action to foreclose, the Agency shall be entitled to the appointment of a receiver of the rents and profits of the Project as a matter of right, with power to collect the rents, uses, and profits of the Project, due and becoming due during the pendency of such foreclosure suit, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by the First Mortgage without regard to the value of the Project or the solvency of any person or persons liable for payment of the mortgaged indebtedness. The Owner for itself and any such subsequent owner hereby waives any and all defenses to the application for a receiver as above and hereby specifically consents to such appointment, but nothing herein contained is to be construed to deprive the holder of the First Mortgage of any other right, remedy or privilege it may now have under the law to have a receiver appointed. The provisions for the appointment of a receiver of the rents and profits and the assignment of such rents and profits are made express conditions upon which the First Mortgage Loan is made. Upon such foreclosure the Agency shall have the right to have a receiver appointed for the Project and the rent from the Project;

(e) take possession of the Project;

(f) without judicial process, collect all rents and other revenue including Federal and State subsidies as the assignee of the Owner, and apply the same at the Agency's option either to the operation and maintenance of the Project or to the liabilities of the Owner under the Loan

Documents and to accept assignment of leases;

(g) act as landlord of the Project and rent or lease the same on any terms or dispossess by summary proceedings or other available means any tenant defaulting under the terms of the lease of a dwelling unit;

(h) take possession of equipment, appliances and other tangible personal property in which a security interest has been granted by the Loan Documents and dispose of the same in any commercially reasonable manner. The Agency shall have the option to dispose of any such equipment and personal property either separately from the Project or Land. In conjunction with a sale of the Project or Land, the Owner agrees that either method of disposition shall be commercially reasonable;

(i) sue under or make effective an assignment by the Owner to the Agency of any warranty for the Project or any contract for construction, rehabilitation, repair, renovation, reconstruction or improvement of the Project, in which event the Agency is specifically empowered by the Owner to exercise any and all rights of the Owner under the said contract or warranty to recover any amount payable to the Owner pursuant to the contract or any such warranty and to settle any such claim or liability and release the same and apply the proceeds of any such suit, settlement or release to the liabilities of the Owner under the First Mortgage Notes, this Agreement, or the other Loan Documents;

(j) sue the Owner for mandatory injunction or other equitable relief requiring performance by the Owner of any of its obligations under this Agreement or the other Loan Documents. The Owner agrees with the Agency that the Agency's remedy at law for the violation and nonperformance of the Owner's obligations under this Agreement or the other Loan Documents is not adequate by reason, among other things, of the Agency's public purpose to provide adequate, safe and sanitary dwelling units for the tenants contemplated under this Agreement;

(k) replace the general partner, officers, managers, directors, managing members or partners of, or other persons exercising control over the affairs of the Owner with such person or persons as the Agency in its sole discretion deems advisable, including officers or employees of the Agency, who shall exercise all of the authority of managing general partner or other manager of the Owner. Such appointment by the Agency shall be for the duration provided in Section 7 (b)(6) of the Act and any person so appointed shall be entitled to the same immunities and compensation as provided in such Act. If the Agency decides to remove and replace the general partner, officers, managers, directors, managing members or partners of the Owner pursuant to its rights under the Act, the Agency may require from the newly appointed officers, managers, directors, managing members or partners a deed to the Project in lieu of foreclosure.

Notwithstanding the above enumeration of remedies, the Agency shall have available to it all other remedies provided at law or in equity or any other action permitted by law.

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Section 32. Anticipatory Breach

If the Owner threatens to commit a breach of any of the provisions of this Agreement or the other Loan Documents, the Agency shall have the right, without posting bond or other security, to seek injunctive relief or specific performance, it being acknowledged and agreed that any such breach, or threatened breach, will cause irreparable injury to the Agency and that money damages will not provide an adequate remedy.

Section 33. Expenses Due to Default

All expenses (including reasonable attorney's fees and costs and allowances) incurred in connection with an action to foreclose the First Mortgage or in exercising any other remedy provided by this Agreement or the other Loan Documents, including the curing of any Event of Default, shall be paid by the Owner on demand, together with interest at the interest rate in the First Mortgage Notes whether or not an action or proceeding is instituted. Expenses of foreclosure for purposes of this paragraph shall include the items enumerated in Section 15 of this Agreement.

The Owner hereby acknowledges that if the Project receives Bond financing, the payments to be made by the Owner pursuant to the First Mortgage Notes may be used by the Agency to pay interest and principal on the Bonds. In the event that the Owner fails to make any payment due under the First Mortgage Notes and the Agency is required to advance funds to pay interest or principal on the Bonds, the Owner shall be required to pay the Agency interest on any amounts so advanced by the Agency on demand, which interest shall be equal to the interest rate in the First Mortgage Notes.

Section 34. Amendments; Notices; Waivers

This Agreement may be amended only by an instrument in writing executed and acknowledged on behalf of the Agency and the Owner in such manner that the instrument may be recorded.

No waiver by the Agency of any Event of Default or required performance by the Owner and no course of conduct of the parties or failure by the Agency to enforce or insist upon performance of any of the obligations of the Owner under this Agreement, or the other Loan Documents at any time shall preclude enforcement of any of the terms of this Agreement or the other Loan Documents.

Any provision of this Agreement requiring the consent or approval of the Agency for the taking of any action or the omission of any action or otherwise called for under this Agreement, requires such consent by the Agency in writing signed by a duly authorized officer of the Agency.

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Any such consent or approval, unless it expressly states otherwise, is limited to the particular action or omission referred to therein and does not apply to subsequent similar actions or omissions.

Notice provided for under this Agreement shall be given in writing signed by a duly authorized officer and any notice required to be given hereunder shall be given by recognized private carrier with acknowledgment or confirmed telecopier or by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Owner: Paragon Village, L.L.C.
100 Hanover Avenue
Suite 302
Cedar Knolls, New Jersey 07927
ATTENTION: Vincent Paragano

Agency: New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue
P.O. Box 18550
Trenton, New Jersey 08650-2085
ATTENTION: Executive Director

Additionally, a copy of any default notice given by the Agency to the Owner shall also be forwarded to:

Director
Licensing, Certification and Standards
Division of Health Facilities Evaluation and Licensing
New Jersey State Department of Health
CN 367
Trenton, New Jersey 08625

Section 35. Severability

The invalidity of any part or provision hereof shall not affect the validity, legality or enforceability of the remaining portions hereof, and to this end the provisions of this Agreement shall be severable.

Section 36. Personal Liability

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Notwithstanding any other provision contained in this Agreement or the other Loan Documents, the Agency agrees, on behalf of itself and any future holder of the First Mortgage Notes, that the liability of the Owner, any general or limited partner, member or shareholder of the Owner and their respective heirs, representatives, successors and assigns, for the payment of its obligations under the Loan Documents, including, without limitation, the payment of principal and interest due and other charges due hereunder and thereunder, shall be limited to the collateral pledged under the First Mortgage and the other Loan Documents, and that the Agency shall have no right to seek a personal judgment against the Owner, any general or limited partner, member or shareholder of the Owner, or their respective heirs, representatives, successors and assigns, individually, except to the extent necessary to subject the collateral pledged under the First Mortgage and the other Loan Documents to the satisfaction of the mortgage debt; provided, however, that the Agency shall retain the right to exercise any and all remedies granted to it under this Agreement and the other Loan Documents, including without limitation the right to sue for injunctive or other equitable relief. The foregoing limitation of liability shall not apply to any party to the extent such party has committed fraudulent, criminal or unlawful acts and shall not apply to such amounts that may be due to the Agency pursuant to Sections 11, 12, 13, 14, 15(c) through (e), 33 and 42 of this Agreement.

Section 37. Counterparts

This Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 38. Disclaimer of Warranties, Liability, Indemnification

(a) The Owner acknowledges and agrees that (i) the Agency has not heretofore and does not make any warranty or representation, either express or implied as to the value, condition, or fitness for particular purpose or any use of the Project or Land or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Agency or its members, agents, employees or representatives be liable or responsible for any incidental, indirect, special or consequential damages in connection with or arising out of this Agreement or any of the other Loan Documents or from the acquisition, construction, rehabilitation, reconstruction, repair, improvement, ownership, operation or maintenance of the Project or Land or any items or services provided for in this Agreement or the other Loan Documents; and (iii) during the term of this Agreement and the other Loan Documents and to the fullest extent permitted by law, the Owner shall indemnify, defend and hold the Agency harmless against, and the Owner shall pay any and all liability, loss, cost, damage, claims, judgments or expenses of any and all kinds or nature and however arising, imposed by law, which the Owner and the Agency may sustain, be subject to, or caused or incurred by reason of any claim, suit or action based upon personal injury, death or damage to property or any other damage or loss sustained, whether real, personal or mixed, or arising out of

any alleged violation of the Environmental Laws or the alleged use, storage or disposal of Hazardous Materials by the Owner or by any person or entity or other source related to the Project or Land, or upon or arising out of contracts entered into by the Owner, or arising out of the Owner's acquisition, construction, reconstruction, repair, improvement, ownership, operation or maintenance of the Project or Land.

(b) It is mutually agreed by the Owner and the Agency that the Agency and its members, directors, officers, agents, servants, employees and representatives shall not be liable for any action performed under this Agreement, and that the Owner shall indemnify, hold them harmless, and defend them from any claim or suit of whatever nature.

(c) Any claims asserted against the Agency shall be subject to the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq. (except for N.J.S.A. 59:13-9 thereof). While this statute may not be applicable by its terms to claims arising under contracts with the Agency, the Owner agrees that it shall be applicable to claims arising under this Agreement or the other Loan Documents. It is acknowledged by the parties that the Agency is a public entity covered by the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq.

(d) Notwithstanding the provisions of this Section 38, but in no way intending to reduce the obligations of Owner under this Agreement or the other Loan Documents, in the event the Agency takes possession, ownership and/or control of the Project and commences operating the same, Owner shall not be liable for the acts or omissions of the Agency, its employees, agents or representatives from and after the date of such possession, ownership or control.

Section 39. Filing

This Agreement shall be duly recorded in the Office of the Clerk for the county in which the Land is located..

Section 40. Governing Law and Venue/Forum

This Agreement shall be governed by the laws of the State of New Jersey. If any legal action or proceeding should be filed by the Borrower against the Agency, the venue and forum for such action or proceeding shall be the New Jersey Superior Court, Mercer County.

Section 41. Equal Opportunity and Non-Discrimination

The Owner covenants and agrees that it will comply with the Agency guidelines with respect to equal opportunity and non-discrimination in its purchase of goods and services for the operation

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and maintenance of the Project throughout the term of this Agreement.

Section 42. Investment Funding and Return on Investment

The Owner agrees to make an investment in the Project and Land in an amount which is not less than 10% of the total Project cost as determined by the Agency pursuant to the Act. In the event the principal sum set forth in the First Mortgage Notes that is advanced to the Owner is determined by the Agency to exceed 90% of the total Project cost, the Owner agrees to reimburse the Agency an amount which would reduce the First Mortgage Loan to 90% of the total Project cost.

The total Project cost and the portion thereof that is contributed by the Owner as investment shall be determined by the Agency in accordance with the cost certification procedures under the Act.

The Owner shall be eligible for a return on its investment with respect to the Assisted Living Building as follows:

(a) Provided that the Project shall have first achieved two (2) consecutive years of sustained occupancy and the owner has fully funded the operating reserve required under the Agency's Regulations, the owner shall be entitled to, to the extent available, a twenty per cent (20%) return on investment.

(b) After the Owner has earned a twenty (20%) per cent return of investment in any given year, the next ten (10%) percent, to the extent available, must be set aside in a special service subsidy fund (the "Service Subsidy Escrow"); and

(c) Thereafter, the Owner is permitted to receive any remaining annual return on investment greater than thirty (30%) per cent for that calendar year in which it is earned.

The Owner shall be eligible for a return on its investment with respect to the Independent Building at the rate of 8.19% annually in the manner set forth in the Agency Regulations.

Section 43. Applicability and Conflict of Terms and Conditions

The terms and conditions of this Agreement are applicable for the entire term of this Agreement (as set forth in Section 9 hereof) unless otherwise set forth in this Agreement. In the event of any conflict or inconsistency between the terms and conditions of any of the Loan Documents (including this Agreement), the terms and conditions of this Agreement shall prevail. Notwithstanding the foregoing, the Owner agrees that the Agency may render a decision concerning the intent and/or applicability of any term or condition of the Loan Documents and unless such decision is found to be arbitrary or capricious by a court of competent jurisdiction, the Agency

decision shall be final.

Section 44. Miscellaneous


Unless the context clearly requires otherwise, as used in this Agreement, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.


THIS SPACE INTENTIONALLY BLANK

IN WITNESS WHEREOF, this Agreement is duly executed by the Owner and Agency on the date first set forth above and by signing below, the Owner acknowledges that it has received a true copy of this Agreement, without charge.

(SEAL)
WITNESS

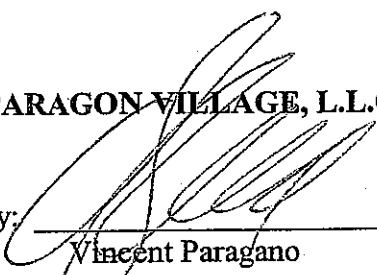

Suzanne M. Plewnarski

As to Vincent Paragano


Suzanne M. Plewnarski


As to Nazario L. Paragano

PARAGON VILLAGE, L.L.C.

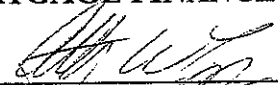
By: 
Vincent Paragano
Managing Member

By: 
Nazario L. Paragano
Managing Member

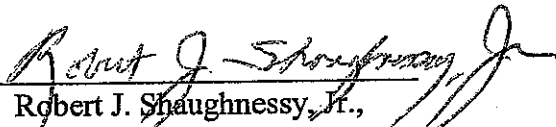
(SEAL)
ATTEST


Eileen Hawes
Assistant Secretary

NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY

By: 
Anthony W. Pozzi
Assistant Executive Director

This Agreement has been reviewed and
approved as to form.
Attorney General of the State of New Jersey

By: 
Robert J. Shaughnessy, Jr.,
Deputy Attorney General

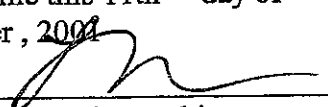
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STATE OF NEW JERSEY, COUNTY OF MERCER SS:

I CERTIFY that on October 11, 2001 Eileen Hawes personally came before me, and this person acknowledged under oath, to my satisfaction, that (a) this person is the **Assistant Secretary of NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**, the Agency named in this document; (b) this person is the attesting witness to the signing of this document by the proper Agency officer, who is ANTHONY W. TOZZI, Assistant Executive Director of the Agency; (c) this document was signed and delivered by the Agency as its voluntary act duly authorized by a proper resolution of its Board of Directors; and (d) this person signed this proof to attest to the truth of these facts.

SWORN TO AND SUBSCRIBED

before me this 11th day of
October, 2001


Suzanne M. Plesnarski
Notary Public of New Jersey
My Commission Expires on 9/30/02

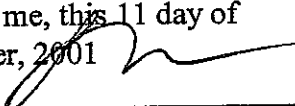

Eileen Hawes
Assistant Secretary

STATE OF NEW JERSEY, COUNTY OF MERCER SS:

I CERTIFY, that on October 11, 2001, **VINCENT PARAGANO and NAZARIO L. PARAGANO** personally came before me and this person acknowledged under oath, to my satisfaction, that (a) they are the **Managing Members of Paragon Village, LLC.**, the limited liability company named in this document; (b) they signed this document on behalf of the limited liability company as its voluntary act duly authorized by a proper Resolution of its Members on behalf of the limited liability company; and (c) they signed this proof to attest to the truth of these facts.

SWORN TO AND SUBSCRIBED

before me, this 11 day of
October, 2001


Suzanne M. Plesnarski
Notary Public of New Jersey
My Commission Expires on 9/30/02


VINCENT PARAGANO


NAZARIO L. PARAGANO

END OF DOCUMENT

MB10625P045

AT-13527

2071501

COPY

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] Suzanne Plesnarski 609-278-7537	
B. SEND ACKNOWLEDGMENT TO: (Name and Address) New Jersey Housing & Mortgage Finance Agency 637 South Clinton Avenue PO Box 18550, Trenton NJ 08650-2085	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME Paragon Village, L.L.C.					
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 100 Hanover Avenue, Suite 302		CITY Cedar Knolls	STATE NJ	POSTAL CODE 07927	COUNTRY Morris
1d. TAX ID #: SSN OR EIN 22-3682507	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION limited liability co.	1f. JURISDICTION OF ORGANIZATION New Jersey	1g. ORGANIZATIONAL ID #, if any 0600070589 <input type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME OF TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME New Jersey Housing & Mortgage Finance Agency					
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 637 South Clinton Avenue, PO Box 18550		CITY Trenton	STATE NJ	POSTAL CODE 08650-2085	COUNTRY Mercer

4. This FINANCING STATEMENT covers the following collateral:

All personal property of the debtor now or hereafter used in the operation of or for the benefit of, or located upon or attached to the real property described herein, including but not limited to all fixtures, equipment, machinery and elevators; all gas and electric appliances, engines, motors, all boilers, radiators, heaters, and furnaces; all electronic, electrical, lighting, heating, ventilating and air conditioning systems; all stoves, ranges and cooking equipment; all tubs, basins, sinks, pipes, water heaters, faucets and plumbing fixtures; all refrigerators, washing machines, laundry tubs and dryers; all awnings, screens, shades, venetian blinds, carpeting and office, common or lobby area furniture, furnishings, cabinets, fixtures, building materials and plantings; all accounts, documents, commercial paper, chattels, negotiable instruments, general intangibles, rents, leases, goods, inventory, and including any fittings, attachments, accessories, component parts, replacements or replacement parts, additions, accretions and/or substitutions of or to any of the above listed types or items of property.

(xx) Proceeds of the collateral are also covered.

5. ALTERNATIVE DESIGNATION (if applicable):		LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. <input checked="" type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum		7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)		All Debtors		Debtor 1	Debtor 2
8. OPTIONAL FILER REFERENCE DATA							

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

Paragon Village, L.L.C.

OR

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

☐ NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

Lot 9 Block 8400 Township of Mt Olive, Morris Country,
New Jersey

16. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate
(if Debtor does not have a record interest):

Debtor is record owner

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction — effective 30 years

☒ Filed in connection with a Public-Finance Transaction — effective 30 years

108523

COPY

RECEIVED

2001 OCT 29 A 8:28

JOAN BRAMHALL
MORRIS CO. CLERK

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY.

A. NAME & PHONE OF CONTACT AT FILER [optional]
Suzanne Plesnarski 609-278-7537

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

New Jersey Housing & Mortgage Finance Agency
637 South Clinton Avenue
PO Box 18550, Trenton NJ 08650-2085

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Paragon Village, L.L.C.

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS
100 Hanover Avenue, Suite 302

CITY
Cedar Knolls

STATE
NJ

POSTAL CODE
07927

COUNTRY
Morris

1d. TAX ID #: SSN OR EIN
22-3682507

ADD'L INFO RE ORGANIZATION DEBTOR

1e. TYPE OF ORGANIZATION
limited liability co.

1f. JURISDICTION OF ORGANIZATION
New Jersey

1g. ORGANIZATIONAL ID #, if any
0600070589

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE ORGANIZATION DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
New Jersey Housing & Mortgage Finance Agency

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS
637 South Clinton Avenue, PO Box 18550

CITY
Trenton

STATE
NJ

POSTAL CODE
08650-2085

COUNTRY
Mercer

4. This FINANCING STATEMENT covers the following collateral:

All personal property of the debtor now or hereafter used in the operation of or for the benefit of, or located upon or attached to the real property described herein, including but not limited to all fixtures, equipment, machinery and elevators; all gas and electric appliances, engines, motors, all boilers, radiators, heaters, and furnaces; all electronic, electrical, lighting, heating, ventilating and air conditioning systems; all stoves, ranges and cooking equipment; all tubs, basins, sinks, pipes, water heaters, faucets and plumbing fixtures; all refrigerators, washing machines, laundry tubs and dryers; all awnings, screens, shades, venetian blinds, carpeting and office, common or lobby area furniture, furnishings, cabinets, fixtures, building materials and plantings; all accounts, documents, commercial paper, chattels, negotiable instruments, general intangibles, rents, leases, goods, inventory, and including any fittings, attachments, accessories, component parts, replacements or replacement parts, additions, accretions and/or substitutions of or to any of the above listed types or items of property.

(xx) Proceeds of the collateral are also covered.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [optional] (ADDITIONAL FEE)

All Debtors ☐ Debtor 1 ☐ Debtor 2 ☐

8. OPTIONAL FILER REFERENCE DATA

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME Paragon Village, L.L.C.		
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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11a. ORGANIZATION'S NAME				
OR	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME				
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

14. Description of real estate:

Lot 9 Block 8400 Township of Mt Olive, Morris County,
New Jersey

AT-13527

15. Name and address of a RECORD OWNER of above-described real estate
(if Debtor does not have a record interest):

Debtor is record owner

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction — effective 30 years

☒ Filed in connection with a Public-Finance Transaction — effective 30 years

Visit our World-Wide Web site at: <http://www.stewart.com>

POLICY OF TITLE INSURANCE ISSUED BY

Re: Our File No. AT-13527.165

Pargon Village

STEWART TITLE

GUARANTY COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

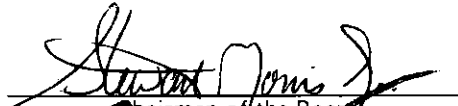
1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
 - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

In witness whereof, Stewart Title Guaranty Company has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

STEWART TITLE

GUARANTY COMPANY


Chairman of the Board
Countersigned by: William McLaughlin

Authorized Signatory

Company

City, State




President

ATLANTIC TITLE AGENCY, INC.
374 Millburn Avenue
Millburn, NJ 07041
(973) 467-6020

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401

P.O. Box 619

Millburn, NJ 07041

Telephone: 973-467-6020

Fax: 973-467-6022

05/30/2002

Monroe Markovitz, P.A.
Attention: Jeffrey Markovitz, Esq.
2029 Morris Avenue
Union, NJ 07083

Reference: AT-13527 .165
425 ROUTE 46
Mt. Olive New Jersey
PARAGON VILLAGE, LLC

Dear Mr. Markovitz:

Enclosed please find the following Title Policy(s) concerning the above referenced transaction:

- 1) Revised "insides" for Loan Policy No. M-9994-4667226

If you have any questions concerning the above, please do not hesitate to call.

Very truly yours,

2

William McLaughlin

Enclosure

Issued with Policy Number

STEWART TITLE GUARANTY COMPANY
272 Parsippany Road Parsippany, New Jersey 07054
973-560-0630 Fax: 973.560.0634

LOAN POLICY OF TITLE INSURANCE**POLICY NUMBER: M-9994-4667226****SCHEDULE A****Amount of Insurance: \$21,290,000.00****Premium:****Date of Policy:** October 29, 2001**Office File Number:** AT-13527.165**1. Name of Insured:**

New Jersey Housing and Mortgage Finance Agency, its successors and/or assigns

2. The estate or interest referred to herein is at Date of Policy vested in this Schedule and which is encumbered by the insured mortgage is FEE SIMPLE and is at Date of Policy vested in:

PARAGON VILLAGE, LLC, under deed from MT. OLIVE DEVELOPMENT, LLC, dated June 1, 2001 and recorded on June 5, 2001 in Deed Book 5387 page 264, filed in the Morris County Clerk/Register's Office.

3. The mortgage, herein referred to as the insured mortgage, and the assignments thereof, if any, are described as follows:

Mortgage made by PARAGON VILLAGE, L.L.C., a limited liability company, to New Jersey Housing and Mortgage Finance Agency, dated 10/11/2001, recorded 10/29/2001 in the Morris County Clerk/Register's Office in Mortgage Book 10624, Page 288 in the amount of \$21,290,000.00, plus interest. See, Assignment of Leases dated 10/11/2001, recorded 10/29/2001 in the Morris County Clerk/Register's Office in the Assignment of Mortgage Book 10625, Page 46.

THIS POLICY INSURES THAT THE MORTGAGE HEREIN IS A VALID FIRST POLICY LIEN.

4. The land referred to in this policy is described as set forth in the insured mortgage, is situated in Township of Mt. Olive, County of Morris State of New Jersey and is identified as follows:

SEE DESCRIPTION SHEET ATTACHED.

Issued by:

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041

Telephone: 973- 467-6020 Fax: 973-467-6022

(Rev. 05/29/02)

STEWART TITLE GUARANTY COMPANY

File Number: AT-13527.165

DESCRIPTION

All that certain Lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Township of Mt. Olive, County of Morris State of New Jersey.

Beginning at a point in the southerly sideline of U.S. Route 46 where same is intersected by the dividing line between Lot 10, Block 8400 and Lot 9, block 8400 lands herein being described. Said point also being at the terminus of the second course in a certain deed between Broadway Management Services, Inc. and Mount Olive Development, L.L.C. recorded on December 4, 1997 and filed in Deed Book 4679, Page 263 and from said Point or Place of Beginning running thence;

1. Along said southerly sideline of U.S. Route 46, easterly on a curve to the left having a radius of 980.40 feet and an arc distance of 640.67 feet to a point, thence;
2. Along the dividing line between Lot 7, Block 8400 and Lot 9, Block 8400 (lands herein being described), South $03^{\circ} 09' 44''$ East - 475.32 feet to a point in the centerline of Drakestown Road, said point also being in the Municipal Boundary Line between of the Township of Mount Olive and the Township of Washington, thence;
3. Along the centerline of Drakestown Road and along the Municipal Boundary line between of the Township of Mount Olive and the Township of Washington, North $66^{\circ} 40' 17''$ West - 63.96 feet to a point, thence;
4. Still along the same, North $73^{\circ} 43' 17''$ West - 100.00 feet to a point, thence;
5. Still along the same, North $76^{\circ} 58' 17''$ West - 100.00 feet to a point, thence;
6. Still along the same, North $83^{\circ} 25' 17''$ West - 100.00 feet to a point, thence;
7. Still along the same, South $87^{\circ} 36' 43''$ West - 313.00 feet to a point, thence;
8. Still along the same, South $88^{\circ} 46' 43''$ West - 100.00 feet to a point, thence;
9. Still along the same, North $81^{\circ} 38' 17''$ West - 195.86 feet to a point, thence;
10. Still along the same, South $83^{\circ} 25' 43''$ West - 181.98 feet to a point, thence;
11. Still along the same, South $73^{\circ} 11' 50''$ West - 73.63 feet to a point, thence;
12. Along the dividing line between Lot 11, Block 8400, and Lot 9, Block 8400 (lands herein being described), North $02^{\circ} 12' 07''$ West - 417.47 feet to an iron pipe, thence;

CONTINUES ...

(Rev. 05/29/02)

STEWART TITLE GUARANTY COMPANY

File Number: AT-13527.165

DESCRIPTION

13. Along the dividing line between Lot 10, Block 8400 and Lot 9, Block 8400 (lands herein being described), North 87° 41' 55" East - 570.66 feet to an iron pipe found, thence;

14. Still along the same, North 04° 17' 55" East - 46.60 feet to the Point or Place of Beginning.

Drawn in accordance with a survey prepared by Chester, Ploussas, Lisowsky Partnership, L.L.P., dated September 20, 1999.

NOTE: Being Lot(s) 9, Block 8400, Tax Map of the Township of Mt. Olive, County of Morris.

Excepting from the above premises all that portion of premises conveyed to State of New Jersey under Deed from Mt. Olive Development LLC dated December 15, 2000 and recorded December 14, 2001 in Deed Book 5522 page 255, as follows:

All that certain land and premises, situate, lying and being in the Township of Mount Olive, in the County of Morris and the State of New Jersey and particularly described as follows:

Parcel ___, as indicated on a map entitled, "NEW JERSEY DEPARTMENT OF TRANSPORTATION, GENERAL PROPERTY PARCEL MAP, ROUTE U.S. 46 (1953) SECTION 4E & 5D, EAST OF MINE BROOK TO WEST OF NAUGHRIGHT ROAD, Showing Existing Right Of Way And Parcels To Be Acquired In The Township Of Mount Olive, County Of Morris, July 2000".

Parcel ___, including specifically all the land and premises located at about STATION 130+49.65 (Base Line Stationing), and more particularly described as follows:

Beginning at a point in the southerly sideline of U.S. Route 46, said point being at the intersection of the dividing line between Lot 9, Block 8400 and Lot 10, Block 8400, also being 25.00 feet measured southerly and radial from Base Line Station 130+49.65 and from said Point or Place of Beginning, running thence;

1. Along said southerly sideline of U.S. Route 46 (25' from baseline), easterly along a curve to the left having a radius of 980.60 feet, an arc length of 640.67 feet and a chord bearing and distance of South 83 degrees 34 minutes 04 seconds East - 629.33 feet to a point, thence;
2. Along the dividing line between Lot 9, Block 8400 and Lot 7, Block 8400, South 03 degrees 09 minutes 44 seconds East - 15.19 feet to a point in the proposed widened southerly sideline of U.S. Route 46, thence;
3. Along the new westerly sideline of U.S. Route 46 (40' from baseline), westerly along a curve to the right having a radius of 995.40 feet, an arc length of 642.35 feet and a chord bearing and distance of North 83 degrees 39 minutes 46 seconds West - 631.26 feet to a point, thence;
4. Along the dividing line between Lot 9, Block 8400 and Lot 10, Block 8400, North 04 degrees 17 minutes 55 seconds East - 16.03 feet to the Point or Place of Beginning.

(Rev. 05/29/02)

Issued by:

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041

Telephone: 973- 467-6020 Fax: 973-467-6022

SCHEDULE B**Part I**

Policy Number M-9994-4667226

Title No. AT-13527.165

This policy does not insure against loss or damage by reason of the following:

1. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises. **OMIT - REFER TO ATTACHED SURVEY ENDORSEMENT.**
2. Lien of unpaid taxes. Taxes paid through the fourth quarter of 2001. Subsequent quarters not yet due or payable. Subject to possible liability for added or omitted tax assessments pursuant to N.J.S.A. 54:4-63.1, et seq. NOTE: The foregoing rights do not constitute a lien against the land as of Date of Policy. Subject to pending added/omitted assessments from date of certificate of occupancy or assessor's inspection of property, not yet due or payable.
3. Financing Statement filed with the Morris County Clerk's Office as Instrument No. 108623-01 on October 29, 2001; also filed with the Secretary of State of New Jersey as No. 2071501 on October 29, 2001; Debtor: Paragon Village, LLC, Secured Party: New Jersey Housing & Mortgage Finance Agency.
4. Grants, easements and right of ways as contained in Deed Book X-18 page 334 and Book I-27 page 178. Mortgage Policy insures that easements do not interfere with the intended use and enjoyment of the premises insured herein.
5. Deed of Easement recorded on October 29, 2001 in Deed Book 5492 page 263 and re-recorded on January 15, 2002 in Deed Book 5540 page 178 between Paragon Village LLC and Route 46 Office Associates LLC. Mortgage Policy insures that easements do not interfere with the intended use and enjoyment of the premises insured herein.
6. Slope and drainage rights granted to the State of New Jersey in Deed Book 5522 page 255.

NOTE: If there are matters which affect the title to the estate or interest in the land described in Schedule A but which are subordinate to the lien of the insured mortgage, Part II of Schedule B must be added, or Part I of Schedule B must contain the following statement:

"Matters which affect the title to the estate or interest, but which are subordinate to the lien of the insured mortgage"

COUNTERSIGNED



Authorized Signature
William McLaughlin

(Rev. 05/29/02)

SCHEDULE B

PART II

Policy Number M-9994-4667226

Title No. AT-13527.165

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that such matters are subordinate to lien or charge of the insured mortgage upon said estate or interest:

NONE.

STEWART TITLE GUARANTY COMPANY
272 Parsippany Road Parsippany, New Jersey 07054
973-560-0630 Fax: 973.560.0634

SURVEY ENDORSEMENT

No.: AT-13527.165

Attached to and made a part of Policy Number M-9994-4667226

RE: Our File No. AT-13527.165 (Paragon Village, LLC)

Exception number 1 in Schedule B of this policy is hereby deleted and the following is substituted therefor:

1. Based upon a survey made by Chester, Ploussas, Lisowsky Partnership, LLP, dated September 20, 1999 and updated by survey affidavit of no change to June 1, 2001, the Company hereby insures against loss or damage which the insured shall sustain by reason of any encroachments, overlaps, boundary line disputes or easements, except as follows:

--vacant land with a stone row along and inside the easterly property line.

Policy insures against monetary loss as a result of said encroachment(s).

This endorsement is made a part of the policy or commitment and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy or commitment and prior endorsements, if any, nor does it extend the effective date of the policy or commitment and prior endorsements or increase the face amount thereof.

IN WITNESS WHEREOF, the company has caused this Endorsement to be signed and sealed as of October 29, 2001, to be valid when countersigned by an authorized officer or agent of the Company, all in accordance with its By-Laws.

Dated: October 29, 2001

**STEWART TITLE GUARANTY
COMPANY**

COUNTERSIGNED 

Authorized Signature
William McLaughlin

Atlantic Title Agency, Inc.
374 Millburn Avenue - Suite 401
P.O. Box 619
Millburn, NJ 07041
Telephone: 973- 467-6020
Fax: 973-467-6022
email june@atlantictitleagency.com

06/06/2002

Monroe Markovitz, P.A.
Attention: Jeffrey Markovitz, Esq.
2029 Morris Avenue
Union, NJ 07083

Reference: AT-13527.165/Loan Policy No. M-9994-4667226
425 ROUTE 46
Mt. Olive, New Jersey
PARAGON VILLAGE, LLC

Dear Mr. Markovitz:

Please be advised that the above captioned Loan Policy has been amended with regard to the following:

(x) Schedule B, Section I, Item No. 5

If there are any further questions, please do not hesitate to call me. Again, thanks for giving us this opportunity to be of service.

Very truly yours,

2 ✓

William McLaughlin

STEWART TITLE GUARANTY COMPANY
272 Parsippany Road Parsippany, New Jersey 07054
973-560-0630 Fax: 973.560.0634

ENDORSEMENT

RE: PARAGON VILLAGE, LLC

Attached to and made a part of Policy Number M-9994-4667226

Commitment No. AT-13527.165

SCHEDULE B, PART I, ITEM NO. 5: Add-

Deed of Easement was recorded prior to First Mortgage of New Jersey Housing and Mortgage Finance Agency, said mortgaged premises are subject to the terms and conditions set forth in said easement.

This Endorsement, when countersigned by an authorized signatory, is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto.

Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed on 06 June 2002

STEWART TITLE GUARANTY COMPANY

COUNTERSIGNED

2 ✓

Authorized Signature
William McLaughlin

ATLANTIC TITLE AGENCY, INC.
374 Millburn Avenue
Millburn, NJ 07041
(973) 467-6020



2001-108619

Prepared by:

Richard A. Stein, Esq.

DEED OF EASEMENT

AT-13527

Township of Mt. Olive, Part of Tax Map
Block 8400, Lot 9

This DEED OF EASEMENT, made this 10th day of OCTOBER ~~July~~ 2001, by and between:

PARAGON VILLAGE LLC, (a limited liability company of the State of New Jersey), with offices at 100 Hanover Avenue, Suite 302, Cedar Knolls, New Jersey

(hereinafter "Grantor")

and

ROUTE 46 OFFICE ASSOCIATES LLC, (a limited liability company of the State of New Jersey), with offices at 100 Hanover Avenue, Suite 302, Cedar Knolls, New Jersey

(hereinafter "Grantee")

WITNESSETH:

WHEREAS, the Grantor is in possession of certain land and premises in the Township of Mt. Olive, more particularly described hereinafter; and

WHEREAS, the Grantee's lands and premises are contiguous to the Easterly sideline of Grantor's hereinafter described lands and premises and are designated as Block No. 8400, Lot Nos. 5, 6 and 7 on the tax map of the Township of Mt. Olive; and

WHEREAS, the Grantee desires to obtain a driveway easement for purposes of ingress and egress from U.S. Highway Route No. 46 to and from Grantee's lands and premises, a sign board easement for purposes of identifying Grantee's lands and

Presented for recording without paper

3000
R
OK
TAX
exempt

0005192P263

ADMENDMENT A*Chester, Ploussas, Lisowsky Partnership, LLP*

PLANNING * ARCHITECTURE * ENGINEERING * SURVEYING

100 Metro Park South, Laurence Harbor, NJ 08878

Mailing Address: P.O. Box 943, Matawan, NJ 07747

(732) 556-0297 * Fax (732) 556-5283

99018

June 28, 2001

Description of a "Proposed Access Easement" crossing Lot 9, Block 8400, located in the Township of Mount Olive, Morris County, New Jersey.


Beginning at a point in the widened southerly sideline of U.S. Route 46 (40 feet from NJDOT Baseline "A") said point being distant 38.53 feet measured westerly along said sideline from the intersection with the dividing line between Lot 9, Block 8400 and Lot 7, Block 8400 and from said Point or Place of Beginning running thence;

1. Leaving said sideline, southwesterly on a curve to the right having a radius of 325.00 feet and an arc distance of 82.76 feet to a point of reverse curvature, thence;
2. Southerly on a curve to the left having a radius 15.00 feet and an arc distance of 22.29 feet to a point of tangency, thence;
3. South 41° 02' 48" East - 43.80 feet to a point of curvature, thence;
4. Southeasterly on a curve to the left having a radius of 112.50 feet and an arc distance of 79.34 feet to a point in the aforesaid dividing line between Lot 9, Block 8400 and Lot 7, Block 8400, thence;
5. Along said dividing line, South 03° 09' 44" East - 25.43 feet to a point, thence;
6. Leaving said dividing line and running parallel to and 25 feet southwesterly from course #4, northwesterly on a curve to the right having a radius of 137.50 feet and an arc distance of 102.13 feet to a point of tangency, thence;
7. Running parallel to and 25 feet southwesterly from course #3, North 41° 02' 48" West - 84.56 feet to a point on a curve (not tangent), thence;
8. Northwesterly on a curve to the left having a radius of 100.00 feet and an arc distance of 39.26 feet to a point of compound curvature, thence;
9. Northerly on a curve to the left having a radius of 30.00 feet and an arc distance of 29.48 feet to a point on a curve (not tangent) in the widened southerly sideline of U.S. Route 46 (40 feet from NJDOT Baseline "A"), thence;
10. Running along the widened southerly sideline of U.S. Route 46 (40 feet from NJDOT Baseline "A"), easterly on a curve to the left having a radius of 995.40 feet, an arc distance of 80.27 feet and a chord of North 82° 22' 41" East to the Point or Place of Beginning.

Area = 7,652 Square Feet or 0.1757 Acres

Subject to easements and/or restrictions of record.

The above description is in accordance with a map entitled "Easement Map, Lot 9, Block 8400, Township of Mount Olive, Morris County, New Jersey" dated June 28, 2001 and prepared by Chester, Ploussas, Lisowsky Partnership, Engineers and Surveyors, Laurence Harbor, New Jersey.


 Michael G. Nolan
 Professional Land Surveyor
 License No. 34488

DB05492P264

premises and the Tenants thereof and a utility easement for the installation of drainage, water main and sewer main facilities and appurtenances on a portion of said property; and

WHEREAS, the Grantor is desirous of granting said Grantee the aforesaid easements.

NOW, THEREFORE, In consideration of the sum of \$1.00 (One and 00/100 Dollar) and the mutual undertakings herein, Grantor hereby gives, grants and conveys to the Grantee, its successors and assigns, in perpetuity, an easement for the purposes hereinabove set forth across the following premises being in the Township of Mt. Olive, County of Morris, State of New Jersey and more particularly described in Schedule A description prepared by Chester, Ploussas, Lisowsky Partnership, LLP, attached hereto and made a part hereof. Schedule A is a description of Grantors entire land and premises. The location of the driveway easement, drainage and water and sewer easements shall be as are shown on a certain site plan prepared by Chester, Ploussas, Lisowsky Partnership, LLP dated February 15, 2001 and on file with the Planning Board of the Township of Mt. Olive as the same may be from time to time amended. The aforesaid easement shall include the right to utilize that portion of Grantor's driveway extending generally from its intersection with U.S. Highway Route No. 46 to the Southerly side of Grantee's driveway, as shown on the above-mentioned site plan. Further, said easement shall include the right of Grantee to connect its drainage, water and sewer mains to Grantor's drainage system and water and sewer mains for purposes of the use of Grantor's drainage system, water and sewer mains for the conveyance of stormwater, potable water and sanitary sewage to


and from Grantee's lands and premises. The easement for the sign board shall be limited to Grantor's sign board adjacent to U.S. Highway Route No. 46 and the signage area on said sign board shall be shared equally by Grantor and Grantee.

The aforesaid easement shall include the right to install, rebuild, replace, reconstruct, repair and maintain the driveway, drainage and water and sewer mains and other necessary appurtenances thereof in and upon and under and through said lands; the right of the beneficiary of this easement, their agents, servants, employees, contractors and licensees of ingress and egress in and upon said lands until the completion of any such maintenance, repair, rebuilding, reconstruction or replacement of the said installation and appurtenances is included herein on the condition, however, that the party making said installations and/or repairs, upon completion of any said work shall remove all materials, tools, equipment and debris from the said premises and generally restore the surface of the land as nearly as practical to the same condition as it may have been prior to the undertaking of said work, exclusive of the replacement of any trees or shrubs.

The Grantor of the land shall have the right to use the surface of the aforesaid lands, except as may otherwise appear herein or to be inconsistent with the rights hereby established, and shall not erect or cause to be erected, installed or placed upon the lands herein described or part thereof, the erection, installation or placement of any building or structure on or over or interfering with the construction, maintenance or other operation of the driveway, drainage and water and sewer mains or appurtenances constructed pursuant to this instrument.

The Grantee shall be solely responsible for the maintenance, repair and upkeep

of that portion of the driveway, drainage and water and sewer mains, which solely benefit Grantee's lands and premises. Further, Grantee shall be equally responsible with Grantor for the maintenance, repair and upkeep of that portion of Grantor's driveway, drainage system and water and sewer mains and sign board, which are being jointly utilized by Grantor and Grantee. The driveway easement granted herein shall be non-exclusive and shall be available for the use of both Grantor and Grantee and including, but not limited to their Tenants, guests, licensees, invitees, agents, servants and employees.

The Grantor covenants and represents that they are lawfully seized and possessed of the lands hereinabove described in Schedule A and that they have good and lawful right and title to convey said lands and any interest therein. Being a part of the same lands and premises conveyed to Grantor herein by Deed of Mt. Olive Development LLC, dated June 1, 2001 and recorded in the Morris County Clerk's Office on June 5, 2001 in deed book 5387 at page 264 

The Grantor agrees, at the Grantee's option to procure and deliver to the Grantee, upon demand, proper postponement from parties holding liens or other interests in the lands, postponing and subordinating their interest in the easement created by this instrument.

The covenants and easements herein granted shall run with the land and shall be construed as running with the land and that same shall be binding on the parties hereto, their heirs, assigns and successors in title or interest, in perpetuity.

The parties hereto also agree to the following additional conditions:

- a. Each party agrees not to misuse or overburden respective easements and agrees to refrain from any substantial increase in the use of the easements beyond the uses intended herein.
- b. Each party agrees to provide such further assurances and confirmations as are necessary to carryout the terms of this Deed of Easement.
- c. Each party represents that this Deed of Easement is executed by a signatory properly authorized to do so.
- d. Each party represents to the other that it shall exercise due care in the manner in which its rights hereunder are exercised.
- e. Each party represents that it shall not transmit, store, handle or dump toxic or hazardous wastes anywhere within the easement area, each other's lands or any premises described in or adjoining the are denoted on Schedule "A".
- f. Each party agrees that any change or alteration (excluding routine maintenance and/or repair) or relation of the easement areas or any parts thereof, or any facilities situated thereon shall not be effectuated without the prior written consent of the New Jersey Housing and Mortgage Finance Agency or its successors and assigns (hereinafter the "NJHMFA"), which consent shall not be unreasonably withheld or delayed.
- g. Each party agrees that no amendments to this Deed and Easement shall be effective without the prior written consent of NJHMFA or its successors and assigns, which consent shall not be unreasonably withheld or delayed..
- h. Each party acknowledges and agrees that nothing contained in this Deed shall in anyway be deemed impair, impede or interfere with the obligations of the Grantor herein under any financing instrument between the Grantor and NJHMFA (including but not limited to the Deed Restrictions and Regulatory Agreement, Mortgage or other recorded instruments) executed as such documents or executed by the Grantor in favor of NJHMFA. However, the parties hereto acknowledge that this Deed of Easement is an obligation of the Grantor and shall run with the land and, provided that the Grantee, its Successors or Assigns shall not be adjudicated in violation of this Easement, same shall be binding upon the Grantor or any of its Successors or Assigns including but not limited to NJHMFA.

STATE OF NEW JERSEY }

SS:

COUNTY OF MORRIS }

I CERTIFY as follows:

1. On October 10, 2001, Vincent Paragano personally appeared before me,
2. I was satisfied that this person is the person who executed this instrument as the Managing Member of Paragon Village LLC, the company named in this instrument; and
3. This person stated that he was authorized to execute the instrument on behalf of the company, and that he executed the instrument as the act of such company.



HEIDI L. AMBROSINO
A Notary Public of New Jersey
My Commission Expires 10/30/2001

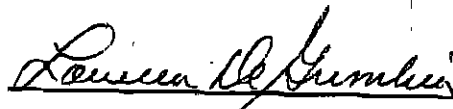
STATE OF NEW JERSEY }

SS:

COUNTY OF MORRIS }

I CERTIFY as follows:

1. On October 10, 2001, Nazario L. Paragano personally appeared before me,
2. I was satisfied that this person is the person who executed this instrument as the Managing Member of Route 46 Office Associates LLC, the company named in this instrument; and
3. This person stated that he was authorized to execute the instrument on behalf of the company, and that he executed the instrument as the act of such company.



LOUELLA O. DeGUMBIA
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES MAR. 18, 2004

realest/easement/paragonvillage.draft1

2001 OCT 29 A 8:27
JOAN BRAMHALL
MORRIS CO. CLERK

RECEIVED

R & R
ATLANTIC TITLE AGENCY INC.
374 MILBURN AVE.
MILBURN, NJ 07041

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own costs, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this

paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs a(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of;

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2(c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including

Atlantic Title Agency, Inc.

374 Millburn Avenue
P.O. Box 619
Millburn, NJ 07041
Telephone: (973) 467-6020
Fax: (973) 467-6022
email june@atlantictitleagency.com

12/01/2006

N. L. Paragano
54 Horsehill Road, Suite 202
Cedar Knolls, New Jersey 07927

Reference: AT-13527 .165
425 ROUTE 46
Mt. Olive, New Jersey
PARAGON VILLAGE, LLC

Dear Mr. Paragano:

This letter will confirm the results of our rundown/bringdown of November 29, 2006 for the above-captioned account.

1. RECORDED ITEM(S): Continued from last rundown and shows:
- ✓ 2. Lien Claim in Book 10 page 443-445 was discharged on December 3, 2004.
 - ✓ 3. Lien Claim in Book 11 page 661 amended in Book 11 page 712 with Bond in Book 12 page 330. discharged 11/8/2006
 - ✓ 4. Lien Claim in Book 11 page 667 amended in Book 11 page 707 with Bond in Book 12 page 333.- discharged 11/8/2006
 - ✓ 5. Lien Claim in Book 11 page 781 discharged on January 26, 2004.
 - ✓ 6. Lien Claim in Book 12 page 97 amended in Book 12 page 332 with Bond in Book 12 page 339. discharged 11/8/2006
 - ✓ 7. Lien Claim in Book 12 page 127 discharged August 19, 2003.
 - ✓ 8. Lien Claim in Book 12 page 178 discharged January 26, 2004.
 - ✓ 9. Lien Claim in Book 12 page 282 discharged September 16, 2004.
 - ✓ 10. Lien Claim in Book 12 page 294 discharged September 16, 2004.
 - ✓ 11. Lien Claim in Book 12 page 296 discharged September 16, 2004.
 - ✓ 12. Lien Claim in Book 12 page 298 discharged September 16, 2004.
 - ✓ 13. Lien Claim in Book 12 page 317 discharged August 2, 2004.
 - ✓ 14. Lien Claim in Book 12 page 458 discharged October 14, 2003.
 - ✓ 15. Lien Claim in Book 12 page 749 / discharged 11/8/2006
 - ✓ 16. Lien Claim in Book 12 page 753 / discharged 11/8/2006
 - ✓ 17. Lien Claim in Book 12 page 757 / discharged 11/8/2006
 - ✓ 18. Lis Pendens in Book 41 page 773 discharged May 3, 2005.
 - ✓ 19. Lis Pendens in Book 45 page 334 discharged 11/8/2006
 - ✓ 20. Lis Pendens in Book 45 page 498 discharged 11/8/2006
 - 21. Grants, easements, reservations and conditions contained in Deed Book 5621 page 100; Deed Book 5682 page 277 and Deed Book 5989 page 281.
 - 22. County UCC 108623-01 and State UCC 2071501 remain open.

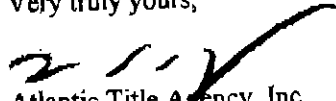
II. JUDGMENT SEARCH:
22, 2006.

Continued from last rundown and shows: Clear to November

Atlantic Title Agency, Inc., hereby certifies that **New Jersey Housing and Mortgage Finance Agency** continues to have a valid enforceable first lien.

If there are any further questions, please do not hesitate to contact this office. Thank you for giving us this opportunity to be of service.

Very truly yours,



Atlantic Title Agency, Inc.

William McLaughlin

Cc via Fax: Victoria Taylor/ NJ Housing & Mortgage
609 278-1164

RESOLUTION OF THE TOWNSHIP OF MOUNT OLIVE
ZONING BOARD OF ADJUSTMENT
IN THE MATTER OF THE APPLICATION OF
PARAGON VILLAGE, LLC
(D) VARIANCE AND
PRELIMINARY AND FINAL SITE PLAN APPROVAL
APPLICATION NO. ZBA 2K-05
ADOPTED: AUGUST 7, 2000

WHEREAS, Paragon Village, LLC, applicant, as a prospective user of the property known as Block 8400, Lot 9, located at 425 Route 46, as shown on the Tax Map of the Township, and located in a C-2 Commercial District, applied to the Zoning Board of Adjustment of the Township of Mount Olive for variance relief pursuant to the provisions of *N.J.S. 40:55D-70(d)*, together with preliminary and final site plan approval and requests for waivers attendant thereto, so as to permit the construction of an assisting living facility on the site, to which application the owner of the lot has consented; and

WHEREAS said application was deemed complete on December 20, 1999; and

WHEREAS, said application is based upon the following plans and reports:

- 1) A plan entitled "Preliminary and Final Site Plan Paragon Village, Lot 9, Block 8400", prepared by Chester, Ploussas, Lisowsky, dated October 4, 1999, as repeatedly revised;
- 2) Floor Plans and building elevations entitled "Schematic Plans Paragon Village" prepared by Donald S. Wirt, dated November 30, 1999;
- 3) Report entitled "Traffic Impact Study Paragon Village", prepared by McDonough & Rea Associates, dated November 12, 1999;
- 4) Report entitled "Environmental Impact Statement for Paragon Village", prepared by Chester, Ploussas, Lisowsky, dated September 20, 1999;

5) Report entitled "Stormwater Management Report for Paragon Village" prepared by Chester, Ploussas, Lisowsky, dated October 4, 1999;

6) Report entitled "Planning and Zoning Report re: Assisted and Independent Living Residence", prepared by David Zimmerman, AICP/PP, dated February 29, 2000; and

WHEREAS, said application requests a preliminary and final site plan approval, together with a variance, pursuant to *N.J.S. 40:55D-70(d)*, to permit construction of an assisted living/independent living facility in the C-2 zone. Such use is not a permitted use pursuant to the Zoning Ordinance of the Township of Mount Olive. In addition, applicant seeks (d) variances to permit greater than permitted height of structure, and to exceed the number of principal structures (one) permitted on any lot. Applicant also requests waiver from provisions of the Land Use Ordinance as same relate to parking in the front yard (the lot has two front yards, as defined by Ordinance) and a smaller than required loading space; and

WHEREAS, properly noticed public hearings were held before the Zoning Board of Adjustment on March 20, 2000; April 17, 2000; May 1, 2000; June 8, 2000; and June 19, 2000, at which time the Board heard testimony from applicant, as well as experts retained thereby; and

WHEREAS, at said hearing the Board received and reviewed the reports of various municipal entities, professionals, and experts, including those of the Township Director of Planning, dated March 6, 2000, and May 10, 2000; those of the Municipal Engineer, dated January 13, 2000 and May 12, 2000; and those of the Environmental Commission, dated February 16, 2000, and March 16, 2000. The contents of all such reports are incorporated herein as if set forth at length. The Board opened the hearing for comments from the public; and

WHEREAS, the Board makes the following findings of fact and conclusions of law:

1. The property herein involved is known as Lot 9 in Block 8400, also known as 425 Route 46. The property is presently undeveloped.
2. The provisions of the Zoning Ordinance of the Township of Mount Olive governing the C-2 zone in which this property is located do not permit facilities of the sort applicant contemplates. Applicant's proposal calls for the construction of an assisted/independent living facility. As a result, applicant seeks a variance pursuant to *N.J.S. 40:55D-70(d)*. In addition, applicant seeks (d) variance approval so as to deviate from the maximum permissible height of structure by more than 10% and from the Ordinance restriction limiting development to one principal structure per lot. In addition, applicant sought waivers from the provisions of the Land Use Ordinance so as to permit parking in the two extant front yards (the property being a corner lot has two front yards) and from the loading berth dimensions.
3. The Board first addresses applicant's (d) variance requests. The proposed use – for an assisted living/independent living complex – is somewhat innovative, providing housing opportunities for older people who do not require nursing home care, (or, in the case of the independent living facility, any assistance whatsoever), but desire the sort of services that applicant's project would provide. The initial question is whether such use comes within the statutory definition of an "inherently beneficial use", so as to negate the necessity for any further proofs respecting the "positive criteria".
4. Applicant makes a convincing case that it does. There can be no doubt that one of the purposes of zoning, set forth in *N.J.S. 40:55D-3(1)*, is to encourage the development of housing alternatives for seniors. Applicant proffered significant testimony about the need for the type of housing alternative it offers, and the Board would be within its rights to "judicially" notice that such facilities are proliferating to fill the need. Based upon the evidence submitted, and the legal argument offered, the Board could conclude that applicant's proposal is such as to satisfy the "inherently beneficial" criteria.
5. Even were this not the case, the Board is convinced that applicant has offered sufficient "special reasons" to warrant the granting of the (d) variances requested. As noted above, the purposes of zoning are clearly advanced by applicant's proposal. Applicant established that there exists a regional need for facilities of this nature, which need, at present, has not been adequately fulfilled. The Board concludes that whether the use is "inherently beneficial", or subject to the

stricter provisions of the "special reasons" test, that applicant has satisfied its burden to establish the positive criteria.

6. The Board is further convinced that the height variance is justifiable. The additional height permits the construction of an additional story, which tends to concentrate the number of units in buildings with smaller footprints. Were the same number of units to be constructed in buildings which complied with the height limitations provisions of the Ordinance, they would be, of necessity, longer. Applicant offered testimony to establish that so doing would increase the staffing requirements, as, pursuant to regulation, linear distance along halls is a matter of key concern to regulators. Hence, permitting higher buildings would have the effect of keeping costs somewhat more modest for the residents. Too, applicant offered testimony that the aesthetics of the structure are improved by the proposed increase in height, which, the Board finds, are well taken.

7. Finally, the Board is confronted with the proposal to construct more than one principal structure on site. This arises from the applicant's desire (indeed, the requirement, should the project proceed as planned) that the independent living facility be separate and distinct from the assisted living facility. The Board believes that applicant's desire to do so is entirely consistent with the findings relating to the desirability of the use itself, set forth above, to wit, to create a mix of desirable uses in the Township while providing housing opportunities for seniors. Applicant's idea, that people could live in the independent living units on site until such time, if any, as they require the services offered by the assisted living facility, is innovative and desirable. This requires that more than one structure exist on site, which is eminently justified by the salutary nature of the services thereby provided.

8. The Board is mindful that these findings do not end the analysis, that an applicant must still establish that the proposed use would be contrary neither to the public welfare nor to the integrity of the zone plan and Ordinance. Applicant established that there would be little impact upon surrounding homes. The inevitable conclusion, at which the Board is compelled to arrive, is that a facility such as this is entirely compatible with the development scenario in this segment of the Township and that, to the extent that there exist any negative consequences to the proposal, they are more than outweighed by the benefits that the development will offer to the region in general and the Township in particular.

9. Having carefully considered the application, and given due weight to the testimony offered, as well as the opinions offered by the Board and Township experts, this Board is convinced that applicant has demonstrated that, due to the unique circumstances affecting this particular property, development thereof in a manner consistent with applicant's proposal is supported by sufficient "special reasons" to warrant the granting of the requested (d) variances.

9. As respects the site plan, the Board concludes that the most recent submission to the Board, when considered in light of the representations made on the record by applicant and its experts, is consistent with the terms and conditions of the Ordinances respecting such developments, with the exception of the requested waivers.

10. Those waivers, the Board concludes, result strictly from the unique circumstances of the subject premises. Being a corner lot, the premises are encumbered by two front lots, making it problematic to create a plan which does not result in some parking, for a facility of this size, in the required front yard. Applicant established that these waivers have little impact. The topography of the site reduces the impact substantially; much of the encroachment would be practically invisible to passersby. And the smaller size of the loading berth is eminently justified by the nature of this use, which will be less intense – in terms of loading and unloading – that would otherwise be the case for a permitted commercial undertaking.

11. The Board concludes, then, that the waivers can be granted without adverse impact and are justified by the constraints extant on site.

WHEREAS, based the factual conclusions set forth above and the conditions to this Resolution, set forth below, the Board is satisfied that the application for development can be effected without substantially impairing or infringing upon the environment, that it will not violate the spirit and intent of the Land Use Act of the Township of Mount Olive or adversely affect the health, safety and welfare of the Township residents;

NOW, THEREFORE, BE IT RESOLVED, by the Zoning Board of Adjustment of the Township of Mount Olive, Morris County, New Jersey on the 17th day of July, 2000, that Application No. ZBA 2K-05 of Paragon Village LLC, for variance relief pursuant to *N.J.S. 40:55D-*

70(d), together with preliminary and final site plan approval, and attendant waivers, so as to permit use of the subject premises as an independent living/assisted living facility, be and hereby is granted subject to the following requirements and conditions:

- a) The development shall comply with all plans and reports submitted to the Zoning Board of Adjustment, as well as with the representations made by applicant, or any of its witnesses, on the record before the Board. Any deviation or any deviation therefrom not otherwise approved by the Township Director of Planning or the Township Engineer will constitute a violation of this approval and will necessitate an appearance before the Zoning Board of Adjustment for reconsideration or approval.
- b) All fees and monies due to the Township including current tax payments shall be made prior to the execution of any maps or any approvals becoming final.
- c) In order for this resolution to be final and free of contingencies the applicant shall file an affidavit with supporting documentation indicating compliance with all requirements which affidavit shall be approved by the Township Engineer and Director of Planning as to accuracy.
- d) Applicant shall comply with all state, federal, or county regulations respecting this property and permission to commence any construction on the premises is contingent upon first having obtained all such necessary approvals.
- e) This approval is subject to the terms and conditions set forth in the reports of all local, county, state, or federal reviewing agencies, unless such term or condition is expressly waived.
- f) In conjunction with the revised plans applicant is to submit, such revisions must be accompanied by a letter setting forth in complete detail the changes that have been made to the plans, directed to the attention of the Municipal Engineer and the Director of Planning. Such revisions shall include, but shall not be limited to, locating the water and sewer lines, showing the additional landscaping about which testimony was offered on the record, showing the revised entry walls and signs, and showing "grasscrete" pavers for the access road to the detention basin.

g) Unless affirmatively waived in writing, applicant shall comply with all of the provisions set forth in the reports of the Director of Planning and the Municipal Engineer.

h) The terms and conditions of this Resolution shall have the same effect as an Ordinance of the Township of Mount Olive and applicant consents to having same enforced by the Municipal Court, with each day a violation exists to constitute a separate offense.

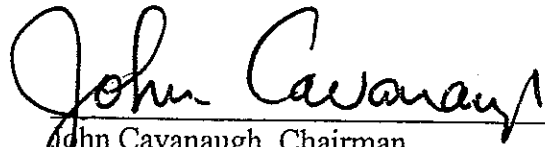
i) Prior to any construction, applicant shall enter into a developer's agreement containing such terms and in such form as is acceptable to the Municipal Attorney. Applicant shall also provide such bonds as may be required by the Municipal Engineer or the Director of Planning, including, but not limited to such bond as may be deemed appropriate to secure the future construction of a sidewalk to Naughtright Road.

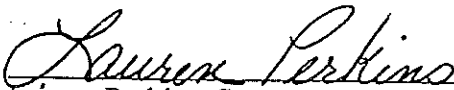
j) Applicant shall pay the required fee for the Housing Trust fund pursuant to §400-105 of the Township Ordinances.

k) When the project is occupied, applicant shall cause to be provided at least one vehicle for the purposes of transporting residents of the facility. Alternatively, applicant shall supply a transportation plan to provide this service, in accordance with its testimony, such plan to be approved by the Board.

And lastly, the applicant shall comply with all the terms and conditions and the requirements of the Codes and Ordinances of the Township of Mount Olive and of the State of New Jersey in all respects, including latest amendments, unless otherwise specified by this resolution.

Attest:


John Cavanaugh, Chairman


Lauren Perkins, Secretary

ADOPTED: August 7, 2000

Prepared by:

Patricia S. Roach, Esq.

DEED IN LIEU OF FORECLOSURE

MORRIS COUNTY, NEW JERSEY
JOAN BRANHALL, COUNTY CLERK
DEEDFLCR-OR BOOK 22258 PG 1353
RECORDED 02/21/2013 08:29:09
FILE NUMBER 2013015164
RCPT #: 834241; RECD BY: ann
RECORDING FEES 90.00
MARGINAL NOTATION CD 0.00 ST 0.00

WHEN RECORDED MAIL TO:

Patricia S. Roach
Deputy Attorney General
State of New Jersey
Department of Law and Public Safety
Division of Law
25 Market Street
P.O. Box 106
Trenton, NJ 08625-0106

Dated: December 31, 2012

The undersigned,

PARAGON VILLAGE, LLC, a New Jersey limited liability company, whose business address is 54 Horsehill Road, Cedar Knolls, New Jersey 07927, hereinafter referred to as "GRANTOR", declares:

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, GRANTOR hereby grants to

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY, a body corporate and politic and an instrumentality exercising public and essential governmental functions of the State of New Jersey, having its principal office at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085, hereinafter referred to as "GRANTEE",

the following described real property located at Block 8400, Lot 9 on the tax map of the Township of Mount Olive, County of Morris, State of New Jersey, and more commonly known as 425 Route 46, Mount Olive, New Jersey:

See legal description attached hereto as Schedule A.

TOGETHER WITH all tenements, hereditaments and appurtenances, including easements and water rights, if any, thereto belonging or appertaining, and any reversions, remainders, rents issues or profits thereof.

TO HAVE AND TO HOLD the same unto the said GRANTEE and to its successors and assigns forever.

AND GRANTOR, for GRANTOR and GRANTOR'S heirs, covenants with GRANTEE, GRANTEE'S heirs, and assigns, that GRANTOR is lawfully seised in fee simple of the Property; GRANTOR has marketable title to the Property and a good right to convey the Property; the Property is free from all encumbrances; GRANTOR and GRANTOR'S heirs, and all persons acquiring any interest in the property granted, through or for GRANTOR, on demand of GRANTEE or its heirs or assigns will execute any instrument necessary for the further assurance of the Title to the Property that may be reasonably required; and GRANTOR and GRANTOR'S heirs will forever warrant and defend all of the property so granted to GRANTEE, GRANTEE'S heirs, and assigns, against any and all persons lawfully claiming the property or any part of the Property.

GRANTOR hereby acknowledges that it is GRANTOR'S intention to convey by this deed not only all of GRANTOR'S right, title and interest, but also any and all right, title and interest after acquired by GRANTOR or his successors or assigns in the Property. The GRANTOR makes no promises as to ownership or title, but simply transfers whatever interest the GRANTOR has to the GRANTEE.

This deed is an absolute conveyance and a substitute for foreclosure, the GRANTOR having sold the above-described real property to the GRANTEE for a fair and adequate consideration, such consideration being the full and final satisfaction of all obligations secured by the certain First Mortgage dated October 11, 2001 made by GRANTOR, as mortgagor, in favor of GRANTEE, as mortgagee, recorded in the real property records of Morris County, State of New Jersey on October 29, 2001 in Mortgage Book 10624, Page 288, together with that certain Financing, Deed Restriction and Regulatory Agreement between GRANTOR and GRANTEE dated October 11, 2001 recorded in the real property records of Morris County, State of New Jersey on October 29, 2001 in Mortgage Book 10625, Page 001, the First Mortgage Note I dated October 11, 2001 in the original principal amount of \$11,734,975.00, the First Mortgage Note II dated October 11, 2011 in the original principal amount of \$9,555,025.00, and the Assignment of Leases dated October 11, 2001 between GRANTOR and GRANTEE, recorded in the real property records of Morris County, State of New Jersey on October 29, 2001 in Mortgage Book 10625, Page 46.

Being the same premises conveyed to Paragon Village, LLC by Deed from Mt. Olive Development, LLC, dated June 1, 2001 and recorded June 5, 2001 in the Office of the Clerk/Register of Morris County in Deed Book 5387, Page 264.

6

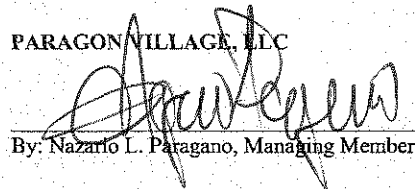
GRANTOR declares that this conveyance is freely and fairly made and that there are no agreements, oral or written, other than this deed between GRANTOR and GRANTEE with respect to the above-described real property.

This Deed is signed and attested to by the GRANTOR'S managing member as duly authorized by a proper resolution of the members of the company as of the date at the top of the first page.

Witness:


DAVID R. MAINS

PARAGON VILLAGE, LLC


By: Nazario L. Paragano, Managing Member

STATE OF South Carolina COUNTY OF Charleston SS.:

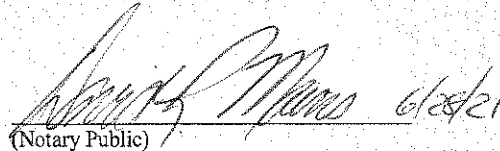
I CERTIFY that on

12/28/12

Nazario L. Paragano, Managing Member

personally came before me and acknowledged under oath, to my satisfaction, that:

- (a) this person is the Managing Member of Paragon Village, LLC, the company named in this Deed;
- (b) this Deed was signed and delivered by the company as its voluntary act duly authorized by a proper resolution of its members;
- (c) this person executed this instrument as the act of the entity named in this instrument.


(Notary Public)

DAVID R. MAINS
NOTARY PUBLIC, SOUTH CAROLINA
COMMISSION EXP. 06/28/21

FIRST AMERICAN TITLE INSURANCE COMPANY

TITLE INSURANCE COMMITMENT

File Number: AT-13527 .165

SCHEDULE A LEGAL DESCRIPTION

All that tract or parcel of land and premises, situated, lying and being in the Township of Mt. Olive, County of Morris, State of New Jersey and being more particularly described as follows:

Beginning at a point in the southerly sideline of U.S. Route 46 where same is intersected by the dividing line between Lot 10, Block 8400 and Lot 9, block 8400 lands herein being described. Said point also being at the terminus of the second course in a certain deed between Broadway Management Services, Inc. and Mount Olive Development, L.L.C. recorded on December 4, 1997 and filed in Deed Book 4679, Page 263 and from said Point or Place of Beginning running thence;

1. Along said southerly sideline of U.S. Route 46, easterly on a curve to the left having a radius of 980.40 feet and an arc distance of 640.67 feet to a point, thence;
2. Along the dividing line between Lot 7, Block 8400 and Lot 9, Block 8400 (lands herein being described), South 03° 09' 44" East - 475.32 feet to a point in the centerline of Drakestown Road, said point also being in the Municipal Boundary Line between of the Township of Mount Olive and the Township of Washington, thence;
3. Along the centerline of Drakestown Road and along the Municipal Boundary line between of the Township of Mount Olive and the Township of Washington, North 66° 40' 17" West - 63.96 feet to a point, thence;
4. Still along the same, North 73° 43' 17" West - 100.00 feet to a point, thence;
5. Still along the same, North 76° 58' 17" West - 100.00 feet to a point, thence;
6. Still along the same, North 83° 25' 17" West - 100.00 feet to a point, thence;
7. Still along the same, South 87° 36' 43" West - 313.00 feet to a point, thence;
8. Still along the same, South 88° 46' 43" West - 100.00 feet to a point, thence;
9. Still along the same, North 81° 38' 17" West - 195.86 feet to a point, thence;
10. Still along the same, South 83° 25' 43" West - 181.98 feet to a point, thence;
11. Still along the same, South 73° 11' 50" West - 73.63 feet to a point, thence;

Issued by:

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041

Telephone: 973-467-6020 Fax: 973-467-6022

FIRST AMERICAN TITLE INSURANCE COMPANY

12. Along the dividing line between Lot 11, Block 8400, and Lot 9, Block 8400 (lands herein being described), North $02^{\circ} 12' 07''$ West - 417.47 feet to an iron pipe, thence;
13. Along the dividing line between Lot 10, Block 8400 and Lot 9, Block 8400 (lands herein being described), North $87^{\circ} 41' 55''$ East - 570.66 feet to an iron pipe found, thence;
14. Still along the same, North $04^{\circ} 17' 55''$ East - 46.60 feet to the Point or Place of Beginning.

Drawn in accordance with a survey prepared by Chester, Ploussas, Lisowsky Partnership, L.L.P., dated September 20, 1999.

NOTE: Being Lot(s) 9, Block 8400, Tax Map of the Township of Mt. Olive, County of Morris.

NOTE : Lot and Block shown for informational purposes only.

Issued by:

Atlantic Title Agency, Inc.

374 Millburn Avenue - Suite 401 P.O. Box 619 Millburn, NJ 07041

Telephone: 973- 467-6020 Fax: 973-467-6022



State of New Jersey
SELLER'S RESIDENCY CERTIFICATION/EXEMPTION
(C.55, P.L. 2004)

(Please Print or Type)

SELLER(S) INFORMATION (See Instructions, Page 2)

Names(s)

Paragon Village, LLC

Current Resident Address:

Street: 54 Horsehill Road

City, Town, Post Office

Cedar Knolls

State

NJ

Zip Code

07927

PROPERTY INFORMATION (Brief Property Description)

Block(s)

8400

Lot(s)

9

Qualifier

Street Address:

425 Route 46

City, Town, Post Office

Mount Olive

State

NJ

Zip Code

07840

Seller's Percentage of Ownership

100%

Consideration

\$1.00

Closing Date

SELLER ASSURANCES (Check the Appropriate Box) (Boxes 2 through 10 apply to Residents and Non-residents)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. s. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☒ Seller is not an individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A. 54A:1-1 et seq.
6. ☐ The total consideration for the property is \$1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:5-1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).
☐ No non-like kind property received.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.
9. ☐ The property being sold is subject to a short sale instituted by the mortgagee, whereby the seller has agreed not to receive any proceeds from the sale and the mortgagee will receive all proceeds paying off an agreed amount of the mortgage.
10. ☐ The deed being recorded is a deed dated prior to the effective date of P.L. 2004, c. 55 (August 1, 2004), and was previously unrecorded.

SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statement contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box ☐ I certify that the Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

Paragon Village, LLC

12/31/12
Date

By: Nazario L. Paragano, Managing Member

Signature

Date

Signature

(Seller) Please indicate if Power of Attorney or Attorney in Fact

AFFIDAVIT OF CONSIDERATION FOR USE BY SELLER

(Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006) (N.J.S.A. 46:15-5 et seq.)

BEFORE COMPLETING THIS AFFIDAVIT, PLEASE READ THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS FORM.

STATE OF NEW JERSEY

COUNTY

} SS. County Municipal Code
1427

FOR RECORDER'S USE ONLY

Consideration \$ 0
RTF paid by seller \$ 0
Date 2/4/13 By AEB

*Use symbol "C" to indicate that fee is exclusively for county use.

MUNICIPALITY OF PROPERTY LOCATION Mount Olive

(1) **PARTY OR LEGAL REPRESENTATIVE** (Instructions #3 and #4 on reverse side)

Deponent, Paragon Village, LLC, being duly sworn according to law upon his/her oath,
(Name)
deposes and says that he/she is the Grantor in a deed dated December, 2012 transferring
(Grantor, Legal Representative, Corporate Officer, Officer of Title Company, Lending Institution, etc.)
real property identified as Block number 8400 Lot number 9 located at
425 Route 46, Mount Olive and annexed thereto.
(Street Address, Town)

(2) **CONSIDERATION** \$ _____ (Instructions #1 and #5 on reverse side) ☐ no prior mortgage to which property is subject.

(3) Property transferred is Class 4A 4B 4C (circle one). If property transferred is Class 4A, calculation in Section 3A below is required.

(3A) **REQUIRED CALCULATION OF EQUALIZED VALUATION FOR ALL CLASS 4A (COMMERCIAL) PROPERTY TRANSACTIONS:**
(Instructions #5A and #7 on reverse side)

Total Assessed Valuation ÷ Director's Ratio = Equalized Assessed Valuation

\$ _____ ÷ _____ % = \$ _____

If Director's Ratio is less than 100%, the equalized valuation will be an amount greater than the assessed value. If Director's Ratio is equal to or in excess of 100%, the assessed value will be equal to the equalized valuation.

(4) **FULL EXEMPTION FROM FEE** (Instruction #8 on reverse side)

Deponent states that this deed transaction is fully exempt from the Realty Transfer Fee imposed by C. 49, P.L. 1968, as amended through C. 66, P.L. 2004, for the following reason(s). Mere reference to exemption symbol is insufficient. Explain in detail.

Solely in order to provide or release security from a debt or an obligation

(5) **PARTIAL EXEMPTION FROM FEE** (Instruction #9 on reverse side)

NOTE: All boxes below apply to grantor(s) only. ALL BOXES IN APPROPRIATE CATEGORY MUST BE CHECKED. Failure to do so will void claim for partial exemption. Deponent claims that this deed transaction is exempt from State portions of the Basic, Supplemental, and General Purpose Fees, as applicable, imposed by C. 176, P.L. 1975, C. 113, P.L. 2004, and C. 66, P.L. 2004 for the following reason(s):

- A. **SENIOR CITIZEN** Grantor(s) ☐ 62 years of age or over.* (Instruction #9 on reverse side for A or B)
B. **BLIND PERSON** Grantor(s) ☐ legally blind or;
DISABLED PERSON Grantor(s) ☐ permanently and totally disabled ☐ receiving disability payments ☐ not gainfully employed*

Senior citizens, blind persons, or disabled persons must also meet all of the following criteria:

- ☐ Owned and occupied by grantor(s) at time of sale. ☐ Resident of State of New Jersey.
☐ One or two-family residential premises. ☐ Owners as joint tenants must all qualify.

*IN CASE OF HUSBAND AND WIFE, PARTNERS IN A CIVIL UNION COUPLE, ONLY ONE GRANTOR NEED QUALIFY IF TENANTS BY THE ENTIRETY.

C. **LOW AND MODERATE INCOME HOUSING** (Instruction #9 on reverse side)

- ☐ Affordable according to H.U.D. standards. ☐ Reserved for occupancy.
☐ Meets income requirements of region. ☐ Subject to resale controls.

(6) **NEW CONSTRUCTION** (Instructions #2, #10, #12 on reverse side)

- ☐ Entirely new improvement. ☐ Not previously occupied.
☐ Not previously used for any purpose. ☐ "NEW CONSTRUCTION" printed clearly at top of first page of the deed.

(7) **RELATED LEGAL ENTITIES TO LEGAL ENTITIES** (Instructions #5, #12, #14 on reverse side)

- ☐ No prior mortgage assumed or to which property is subject at time of sale.
☐ No contributions to capital by either grantor or grantee legal entity.
☐ No stock or money exchanged by or between grantor or grantee legal entities.

(8) Deponent makes this Affidavit to induce county clerk or register of deeds to record the deed and accept the fee submitted herewith in accordance with the provisions of Chapter 49, P.L. 1968, as amended through Chapter 33, P.L. 2006.

Subscribed and sworn to before me
this 20th day of December, 2012

Signature of Deponent [Signature]

Paragon Village, LLC by
Nazario L. Paragano, Managing Member

Grantor Name

54 Horsehill Rd., Cedar Knolls, NJ

same

Deponent Address

Grantor Address at Time of Sale

XXX-XXX-507

Last three digits in Grantor's Social Security Number

Clemente Mueller, PA

Name/Company of Settlement Officer

DAVID R. MAINS
NOTARY PUBLIC, SOUTH CAROLINA
COMMISSION EXP. 06/28/21

2013 FOR OFFICIAL USE ONLY
Instrument Number 015164 County Morris
Deed Number 2258 Page 1353
Deed Dated 12/31/12 Date Recorded 2/21/13

County recording officers shall forward one copy of each RTF-1 form when Section 3A is completed to:

STATE OF NEW JERSEY

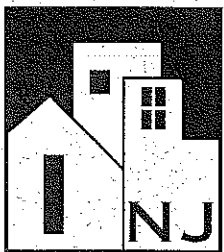
PO BOX 251

TRENTON, NJ 08695-0251

ATTENTION: REALTY TRANSFER FEE UNIT

The Director of the Division of Taxation in the Department of the Treasury has prescribed this form as required by law, and it may not be altered or amended without prior approval of the Director. For information on the Realty Transfer Fee or to print a copy of this Affidavit, visit the Division's website at:

www.state.nj.us/treasury/taxation/pt/localtax.shtml



HMFA

Richard E. Constable, III
Chairman

Anthony L. Marchetta
Executive Director

January 3, 2013

Mr. Jack Marschione
Tax Assessor
Township of Mt. Olive
204 Flanders-Drakestown Road
P.O. Box 450
Budd Lake, NJ 07828

Re: Real Estate Tax Exemption
Lot 9 in Block 8400 on the Tax Map of the Township of Mt. Olive, commonly
known as 425 U.S. Route 46 East

Dear Mr. Marschione:

The New Jersey Housing and Mortgage Finance Agency (the "Agency") is a State agency created pursuant to N.J.S.A. 55:14K-1 et seq.

As provided under N.J.S.A. 54:4-3.3b, you are hereby notified that on December 31, 2012, the Agency acquired the property shown in the above caption (the "Property") by way of Deed in Lieu of Foreclosure from Paragon Village, LLC. A copy of the Deed is enclosed. The original Deed has been sent to the Morris County Clerk for recording.

Under said subsection 3.3b of the Statute, the Agency requests that the Property be deemed to be exempt as to all real estate taxes commencing January 1, 2013 and continuing during the period of ownership by the Agency.

Please sign the enclosed copy of this letter with the date of receipt and return same to my attention in the enclosed, self-addressed envelope.

Thank you for your kind consideration of the foregoing. Please contact me at (609) 278-7529 if you require any additional information.

Very truly yours,

James E. Robertson
Deputy Chief of Legal and
Regulatory Affairs

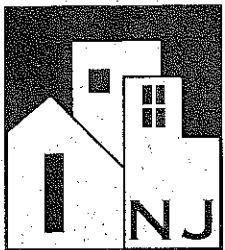
Received by: _____

Date: _____

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

637 South Clinton Avenue ▲ P.O. Box 18550 ▲ Trenton, NJ 08650-2085

TELEPHONE: (609) 278-7400 ▲ WEB: www.nj-hmfa.com



HMFA

Richard E. Constable, III
Chairman

Anthony L. Marchetta
Executive Director

January 10, 2013

Mr. Jack Marschione
Tax Assessor
Township of Mt. Olive
204 Flanders-Drakestown Road
P.O. Box 450
Budd Lake, NJ 07828

Re: Real Estate Tax Exemption
Lot 9 in Block 8400 on the Tax Map of the Township of Mt. Olive, commonly
known as 425 U.S. Route 46 East

Dear Mr. Marschione:

This letter will clarify this Agency's position as to exemption from taxes, as claimed in my letter to you of January 3, 2013.

In our telephone conversation on January 8, 2013, you indicated that the property was already exempt from taxes because it is the subject of a tax abatement or PILOT agreement between the former owner and the municipality. You also appeared to believe that this Agency would remain responsible for the PILOTs going forward. Today, I received from the Tax Collector a photocopy of the 2012 Final/2013 Preliminary Tax Bill for the property, which shows PILOTs for the third and fourth quarters of 2012 paid and the first and second quarters of 2013 open (copy enclosed). The tax bill is not marked to reflect that no PILOTs will be due in 2013.

To be clear, it is the Agency's position that, under the statutory sections cited in my January 3, 2013 letter and the provisions of N.J.S.A. 55:14K-34, the Agency is exempt from taxes and PILOTs claimed due on the property. No payments of either will be made to the municipality while the Agency owns the property.

Very truly yours,

James E. Robertson
Deputy Chief of Legal and
Regulatory Affairs

c: Ms. Rose Barsanti
Mt. Olive Tax Collector

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

P.O. Box 18550 ▲ Trenton, NJ 08650-2085

TELEPHONE: (609) 278-7400 ▲ WEB: www.njhousing.gov

2012 FINAL/2013 PRELIMINARY TAX BILL

BLOCK NUMBER	LOT NUMBER	QUALIFICATION
8400	9	

Property Locat. 425 Rt. 46
 Building Desc.
 Additional Lots
 Land Dimens.
 Bank Mortgage # Tax Acct. #

EXPLANATION OF TAXES

DESCRIPTION	RATE PER \$100	AMOUNT OF TAX
-------------	----------------	---------------

**Mount Olive Township
 Tax Collector
 PO Box 450
 Budd Lake, NJ 07828**

Paragon Village LLC
 54 Horsehill Road
 Suite 202
 Cedar Knolls, NJ 07927

2012 3RD QTR DUE AUG. 1, 2012	2012 4TH QTR DUE NOV. 1, 2012	2013 1ST QTR DUE FEB. 1, 2013	2013 2ND QTR DUE MAY 1, 2013
----------------------------------	----------------------------------	----------------------------------	---------------------------------

GRACE PERIOD IS UNTIL THE 10th - PAYMENT MUST BE RECEIVED ON OR BEFORE THE 10th OR INTEREST WILL ACCRUE BACK TO THE 1st

INFORMATION FOR TAXPAYERS	2013 PRELIMINARY TAX
MAKE CHECK PAYABLE TO: TOWNSHIP OF MOUNT OLIVE MAIL TO: TOWNSHIP OF MOUNT OLIVE TAX OFFICE P.O. BOX 450 BUDD LAKE, NJ 07828 TEL: (973) 691-0900 x 7281, x 7270, x 7280	PRELIMINARY TAX IS EQUAL TO ONE HALF OF 2012 TOTAL NET TAX

SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

SEE REVERSE SIDE FOR ADDITIONAL INFORMATION	DISTRIBUTION OF TAXES
PAYMENTS IN LIEU OF TAXES PAYMENTS ARE DUE 2/1, 5/1, 8/1 & 11/1 with a 10 day grace period. Payments received after the 10th accrue delinquent interest. PAY ONLINE AT www.mountolivetownship.com	<p>Mailed on <u>7/10/12</u></p>

STATE AID USED TO OFFSET LOCAL PROPERTY TAXES: The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. Based on the assessed value, the amount of this State aid used to offset property taxes on this parcel equals:

TOWNSHIP OF MOUNT OLIVE 2013-2 TOWNSHIP OF MOUNT OLIVE 2013-1

TAX COLLECTOR'S STUB - DETACH AND RETURN WITH YOUR PAYMENT
2013 2ND QUARTER TAX DUE MAY 1, 2013

BLOCK NUMBER	LOT NUMBER	QUALIFICATION	BANK CODE
8400	9		

TAX ACCOUNT NUMBER	TAX BILL NUMBER	TAX AMOUNT BILLED	DUE MAY 1, 2013
		31,250 or	

PAYMENT MUST BE RECEIVED BY THE 10th, OR INTEREST ACCRUES BACK TO THE 1st POSTDATED CHECKS WILL BE RETURNED

Paragon Village LLC
 425 Rt. 46

ADJUSTMENT	6.28% of
projected	
INTEREST	
revenues	
CASH	whichever is
CHECK	greater
TOTAL	

TOWNSHIP OF MOUNT OLIVE 2012-4 TOWNSHIP OF MOUNT OLIVE 2012-3

TAX COLLECTOR'S STUB - DETACH AND RETURN WITH YOUR PAYMENT
2012 4TH QUARTER TAX DUE NOVEMBER 1, 2012

BLOCK NUMBER	LOT NUMBER	QUALIFICATION	BANK CODE
8400	9		

TAX ACCOUNT NUMBER	TAX BILL NUMBER	TAX AMOUNT BILLED	DUE NOVEMBER 1, 2012
		31,250 or	

PAYMENT MUST BE RECEIVED BY THE 10th, OR INTEREST ACCRUES BACK TO THE 1st POSTDATED CHECKS WILL BE RETURNED

Paragon Village LLC
 425 Rt. 46

ADJUSTMENT	6.28% of
projected	
INTEREST	
revenues	
CASH	whichever is
CHECK	greater
TOTAL	

Paid

TAX COLLECTOR'S STUB - DETACH AND RETURN WITH YOUR PAYMENT
2012 3RD QUARTER TAX DUE AUGUST 1, 2012

BLOCK NUMBER	LOT NUMBER	QUALIFICATION	BANK CODE
8400	9		

TAX ACCOUNT NUMBER	TAX BILL NUMBER	TAX AMOUNT BILLED	DUE AUGUST 1, 2012
		31,250 or	

PAYMENT MUST BE RECEIVED BY THE 10th, OR INTEREST ACCRUES BACK TO THE 1st POSTDATED CHECKS WILL BE RETURNED

Paragon Village LLC
 425 Rt. 46

ADJUSTMENT	6.28% of
projected	
INTEREST	
revenues	
CASH	whichever is
CHECK	greater
TOTAL	

Paid

PETITION OF APPEAL

MORRIS

COUNTY BOARD OF TAXATION

Tax Year 2013Property Class 15FNAME OF PETITIONER TOWNSHIP OF MOUNT OLIVE

Last Name, First Name

MAILING ADDRESS 204 FLANDERS-DRAKESTOWN ROAD

P.O. BOX 450, BUDD LAKE,

Daytime Telephone No. : 973 334-1900E-mail Address tprobst@dorseysemrau.comBLOCK 8400LOT 9

QUALIFIER _____

Lot Size 10.64 ACREAGEMUNICIPALITY MOUNT OLIVE TOWNSHIPProperty Street Address / Location 425 ROUTE 46

Name, address and telephone number of person or attorney to be notified of hearing date and judgment:

FRED SEMRAU, ESQ., DORSEY & SEMRAU, 714 MAIN ST, P.O. BOX 228, BOONTON, NJ 07004 (973) 334-1900**SECTION I APPEAL OF REAL PROPERTY VALUATION (SEE INSTRUCTION SHEET FOR FILING FEES AND DEADLINE DATE)****CURRENT ASSESSMENT**

Land \$ 399,000
 Bldg/Improvement \$ 9,818,300
 Abatement (if any) \$ _____
 Total \$ 10,217,300

REQUESTED ASSESSMENT

Land \$ 399,000
 Bldg/Improvement \$ 9,818,300
 Abatement (if any) \$ _____
 Total \$ 10,217,300

Purchase Price \$ _____

Date of Purchase _____

Tax Court Pending: YES ☐ NO ☒

REASON FOR APPEAL: _____

Municipality appeals the 15F classification and seeks to change to Class 4A

SECTION II COMPARABLE SALES (See Instruction #9B)Block/Lot/QualifierProperty Street Address / LocationSale PriceSale/Deed Date

1. _____	_____	\$ _____	_____
2. _____	_____	\$ _____	_____
3. _____	_____	\$ _____	_____
4. _____	_____	\$ _____	_____
5. _____	_____	\$ _____	_____

SECTION III APPEAL FOR DENIAL OF: (See Instruction #4, "Filing Fees")

Attach Copy of Denial Notice for Section III Deductions, Classifications and Exemptions

☐ Veteran's Property Tax Deduction for Veteran or Surviving Spouse or Surviving Civil Union Partner or Surviving Domestic Partner of Veteran/Serviceperson
☐ 100% Disabled Veteran Exemption for 100 % Disabled Veteran or Surviving Spouse or Surviving Civil Union Partner or Surviving Domestic Partner of 100% Disabled Veteran
☐ Senior Citizen/Disabled Person Property Tax Deduction for Senior Citizen/Disabled Person or Surviving Spouse or Surviving Civil Union Partner of Senior Citizen/Disabled Person
☐ Farmland Assessment Classification

☐ Abatement or Exemption - Religious, Charitable, etc.

WHEREFORE, Petitioner seeks judgment reducing/increasing (circle one) the said assessment(s) to the correct assessable value of the said property and/or granting the requested deduction, credit, Farmland Assessment classification, exemption or abatement. Petitioner certifies that a copy of this appeal (and attachments, if any) has been served upon the Assessor and Clerk of the municipality where this property is located. Petitioner certifies that the foregoing statement is true and is aware that if the foregoing statement is willfully false, he/she is subject to punishment.

3/26/13

Date

Original Signature of Petitioner or Attorney for Petitioner

DORSEY & SEMRAU

JOHN H. DORSEY
FRED SEMRAU
TRACY WANG
JEFFREY J. PASEK

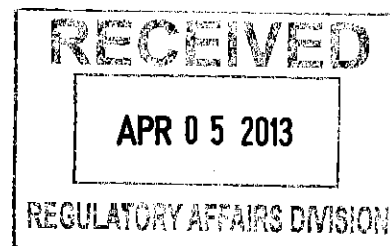
ATTORNEYS AT LAW
714 MAIN STREET
P.O. BOX 228
BOONTON, NJ 07005
973-334-1900
FACSIMILE 973-334-3408

NANETTE S. THOMAS
OF COUNSEL
JANE M. COVIELLO
OF COUNSEL

March 26, 2013

Ralph Meloro, Administrator
Morris County Board of Taxation
County Administration Building
P.O. Box 900
Morristown, NJ 07963-0900


Re: Township of Mount Olive v. Paragon
Block 8400, Lot 9 – 425 Route 46



Dear Mr. Meloro:

Enclosed please find an original and one copy of a Petition of Appeal in connection with the above. Kindly mark the copy "filed" and return same to me in the enclosed envelope.

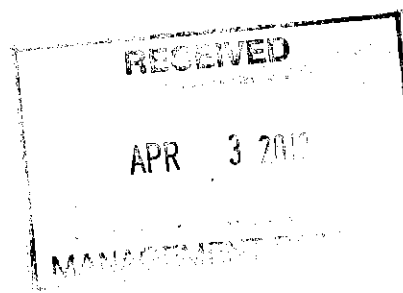
Should you have any questions, please do not hesitate to contact me.

Very truly yours,
DORSEY & SEMRAU

Fred Semrau

FS:tp

Enclosures

cc: Lisa M. Lashway, Township Clerk
Jack Marchione, Township Assessor
NJ Housing & Mortgage Finance Agency



Greenbaum Rowe
Smith & Davis LLP
COUNSELORS AT LAW

METRO CORPORATE CAMPUS ONE
P.O. BOX 5600
WOODBIDGE, NJ 07095-0988
(732) 549-5600 FAX (732) 549-1881

DELIVERY ADDRESS: 99 WOOD AVENUE SOUTH, ISELIN, NJ 08830-2712

THOMAS J. DENITZIO, JR., ESQ.
(732) 476-2610 - DIRECT DIAL
(732) 476-2611 - DIRECT FAX
TDENITZIO@GREENBAUMLAW.COM

INFO@GREENBAUMLAW.COM
WWW.GREENBAUMLAW.COM

ROSELAND OFFICE:
75 LIVINGSTON AVENUE
SUITE 301
ROSELAND, NJ 07068-3701
(973) 535-1600
FAX (973) 535-1688

April 17, 2013

Via Hand Delivery

Morris County Board of Taxation
Admin. & Records Building
10 Court Street
Morristown, New Jersey 07963

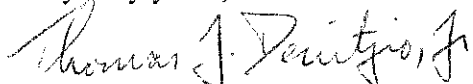
**Re: New Jersey Housing and Mortgage Finance Agency v.
Twp. of Mount Olive
Block 8400, Lot 9;425 Route 46
(2013 Real Estate Tax Appeal)**

Ladies and Gentlemen:

Enclosed please find a Counter Petition of Appeal for filing in the above matter, together with a check in the amount of \$150.00 payable to the County Tax Administrator, representing your filing fee. Please acknowledge receipt of the counter petition on the enclosed copy of this letter and return it to me in the envelope provided.

Thank you for your assistance in this matter.

Very truly yours,


Thomas J. Denitzio, Jr.

TJD/sa

Enclosures

cc: Clerk, Township of Mount Olive (w/enc.)
Tax Assessor, Township of Mount Olive (w/enc.)

**RECEIPT OF PETITION AND CHECK ACKNOWLEDGED THIS ____ DAY OF
APRIL, 2013.**

Tax Year 2013Property Class 15F

Filed _____

Check/Cash _____

Checked _____

NAME OF PETITIONER New Jersey Housing and Mortgage Finance Agency

Last Name, First Name

MAILING ADDRESS P.O. Box 18550,Daytime Telephone No. : (609) 278-7400

Trenton, New Jersey 08650-2085

E-mail Address _____

BLOCK 8400 LOT 9 QUALIFIER _____ Lot Size 10.64 AcresMUNICIPALITY Mount Olive Township Property Street Address / Location 425 Route 46

Name, address and telephone number of person or attorney to be notified of hearing date and judgment:

Thomas J. Denitzio, Jr., Esq., c/o Greenbaum, Rowe et al., 99 Wood Ave. South, Iselin, NJ 08830 (732-476-2610)

SECTION I APPEAL OF REAL PROPERTY VALUATION (SEE INSTRUCTION SHEET FOR FILING FEES AND DEADLINE DATE)

CURRENT ASSESSMENT

REQUESTED ASSESSMENT

Land \$ 399,000

Bldg/Improvement \$ 9,818,300

Abatement (If any) \$ _____

Total \$ 10,217,300

Land \$ 399,000

Bldg/Improvement \$ 9,818,300

Abatement (If any) \$ _____

Total \$ 10,217,300

Purchase Price \$ _____ Date of Purchase _____ Tax Court Pending: YES ☐ NO ☒REASON FOR APPEAL: The Property is exempt from local property tax pursuant to N.J.S.A. 54:4-3.3 & N.J.S.A. 54:14K-34 in the*

SECTION II COMPARABLE SALES (See Instruction #9B)

Block/Lot/Qualifier	Property Street Address / Location	Sale Price	Sale/Deed Date
1. _____	_____	\$ _____	_____
2. _____	_____	\$ _____	_____
3. _____	_____	\$ _____	_____
4. _____	_____	\$ _____	_____
5. _____	_____	\$ _____	_____

SECTION III APPEAL FOR DENIAL OF: (See Instruction #4, "Filing Fees")

Attach Copy of Denial Notice for Section III Deductions, Classifications and Exemptions

☐ Veteran's Property Tax Deduction for Veteran or Surviving Spouse or Surviving Civil Union Partner or Surviving Domestic Partner of Veteran/Serviceperson
☐ 100% Disabled Veteran Exemption for 100% Disabled Veteran or Surviving Spouse or Surviving Civil Union Partner or Surviving Domestic Partner of 100% Disabled Veteran
☐ Senior Citizen/Disabled Person Property Tax Deduction for Senior Citizen/Disabled Person or Surviving Spouse or Surviving Civil Union Partner of Senior Citizen/Disabled Person
☐ Farmland Assessment Classification

☐ Abatement or Exemption - Religious, Charitable, etc.


WHEREFORE, Petitioner seeks judgment reducing/increasing (circle one) the said assessment(s) to the correct assessable value of the said property and/or granting the requested deduction, credit, Farmland Assessment classification, exemption or abatement. Petitioner certifies that a copy of this appeal (and attachments, if any) has been served upon the Assessor and Clerk of the municipality where this property is located. Petitioner certifies that the foregoing statement is true and is aware that if the foregoing statement is willfully false, he/she is subject to punishment.

4/17/13

Date

Original Signature of Petitioner or Attorney for Petitioner

* alternative the assessment exceeds the fair assessable value of the property.

Prepared by: 
James E. Robertson

MORRIS COUNTY, NEW JERSEY
JOAN BRAMHALL, COUNTY CLERK
DIS-OR BOOK 22258 PG 1352
RECORDED 02/21/2013 08:29:09
FILE NUMBER 2013015163
RCPT #: 8342411 RECD BY: ann
RECORDING FEES 30.00
MARGINAL NOTATION CD 0.00 ST 0.00

DISCHARGE OF MORTGAGE

This Discharge is made on February 7, 2013

By the Lender, **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**, a body politic and corporate and an instrumentality exercising public and essential government functions of the State of New Jersey, pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended, N.J.S.A. 55:14K, et seq., having its principal office at 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085, referred to as "**Lender.**"

To the Borrower, **PARAGON VILLAGE, LLC**, having an address of 54 Horsehill Road, Cedar Knolls, New Jersey 07927, referred to as "**Borrower.**"

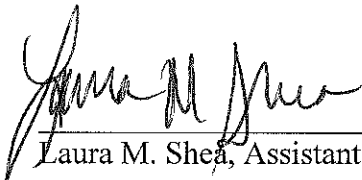
*M-10624-299
Link on page 288*
Mortgage. The mortgage Lender holds is dated October 11, 2001 and was made by the Borrower in the original amount of TWENTY ONE MILLION TWO HUNDRED NINETY THOUSAND and 00/100 Dollars (\$21,290,000.00), and was recorded on October 29, 2001, in Mortgage Book 10624, Page 299 in the Morris County Clerk's Office, as a mortgage lien against property known as 425 Route 46, also known as Lot 9 in Block 8400 on the Tax Map of the Township of Mt. Olive, County of Morris, State of New Jersey (the "Mortgage").

Discharge of Mortgage. The Mortgage has been SATISFIED by way of deed in lieu of foreclosure and is DISCHARGED OF RECORD. The Mortgage is now cancelled and void.

IN WITNESS WHEREOF, Lender has hereunto set its hand and seal the day and year first above written.

ATTEST:

**NEW JERSEY HOUSING AND MORTGAGE
FINANCE AGENCY**

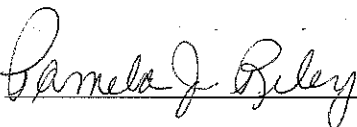

Laura M. Shea, Assistant Secretary

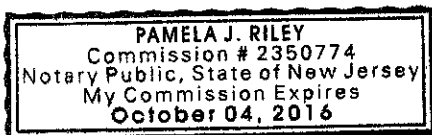
By: 
Leslie S. Lefkowitz, Secretary

STATE OF NEW JERSEY, COUNTY OF MORRIS SS:

I certify that on February 7, 2013, Laura M. Shea personally came before me, and this person acknowledged under oath, to my satisfaction, that (a) this person is the Assistant Secretary the New Jersey Housing and Mortgage Finance Agency, the Lender named in this document; (b) this person is the attesting witness to the signing of this document by the proper officer of the New Jersey Housing and Mortgage Finance Agency, who is Leslie Lefkowitz, Secretary; (c) and this document was signed and delivered by the New Jersey Housing and Mortgage Finance Agency as its voluntary Act duly authorized by a proper resolution of its Members; and (d) this person signed this proof to attest to the truth of these facts.

SWORN TO AND SUBSCRIBED
Before me on the date above,






**NJ HOUSING & MORTGAGE FINANCE
637 SOUTH CLINTON AVE
P.O. BOX 18550
TRENTON, NJ 08650-2085**

Attn: James Robertson